

# 2011 Operating Budget Public Consultation



**Councillor Scott Fielding**  
Chairperson of the Standing Policy Committee on Finance

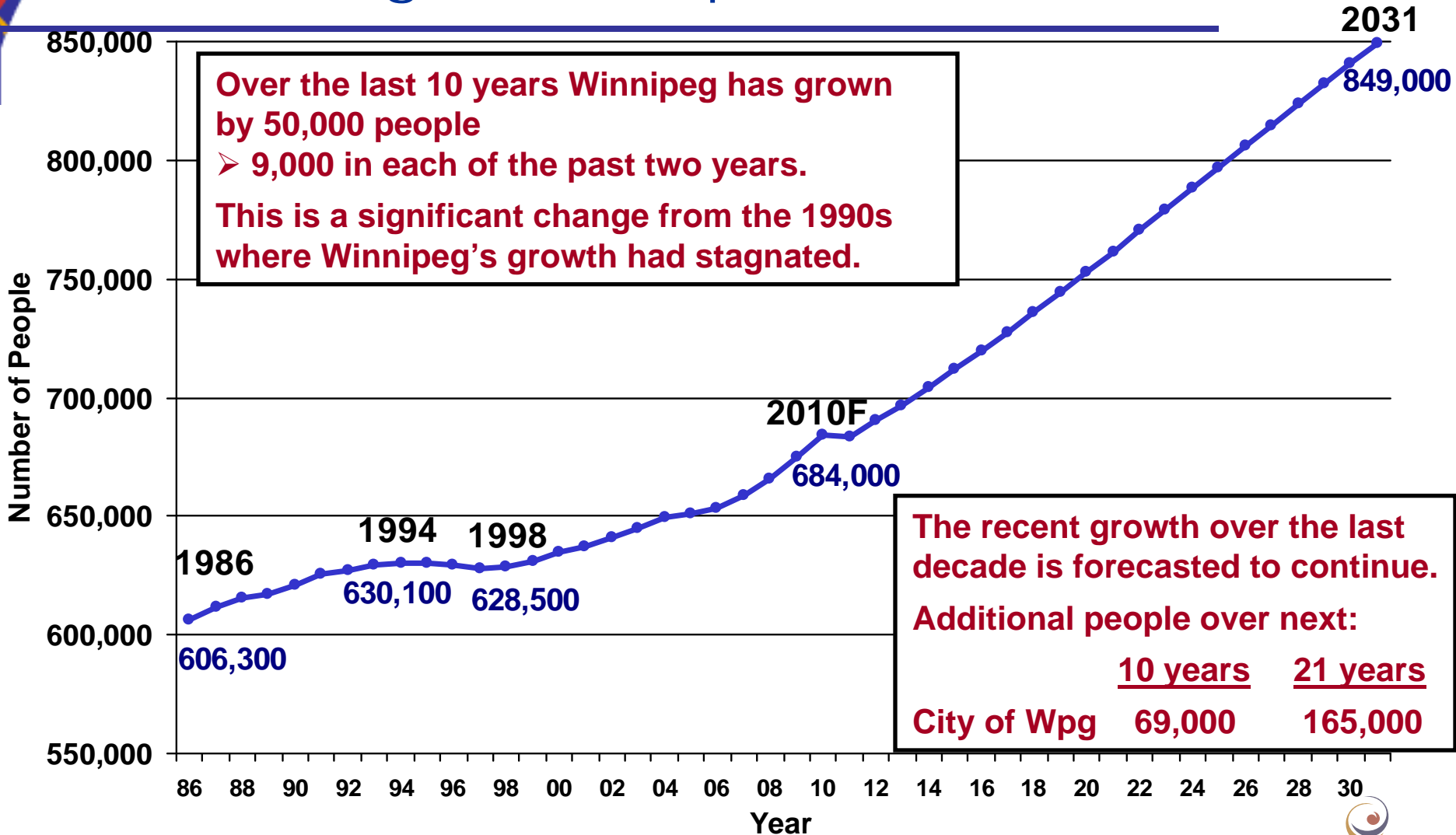
January 25 and 27, 2011

# Agenda

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- Presentation – Councillor Scott Fielding
  - Economic indicators
  - Operating budget
- Round table discussion / questionnaire
- Representative from each table to provide summary of group discussion
- Closing comments

# Conference Board of Canada's Long Term Population Forecast



Source: Conference Board of Canada, Long Term Demographic and Economic Forecast for Winnipeg CMA report, June 2007  
 Note: City of Winnipeg forecast data is derived from Winnipeg CMA by examining land availability issues and demographic trends. Adjusted to actual 2008 population base.



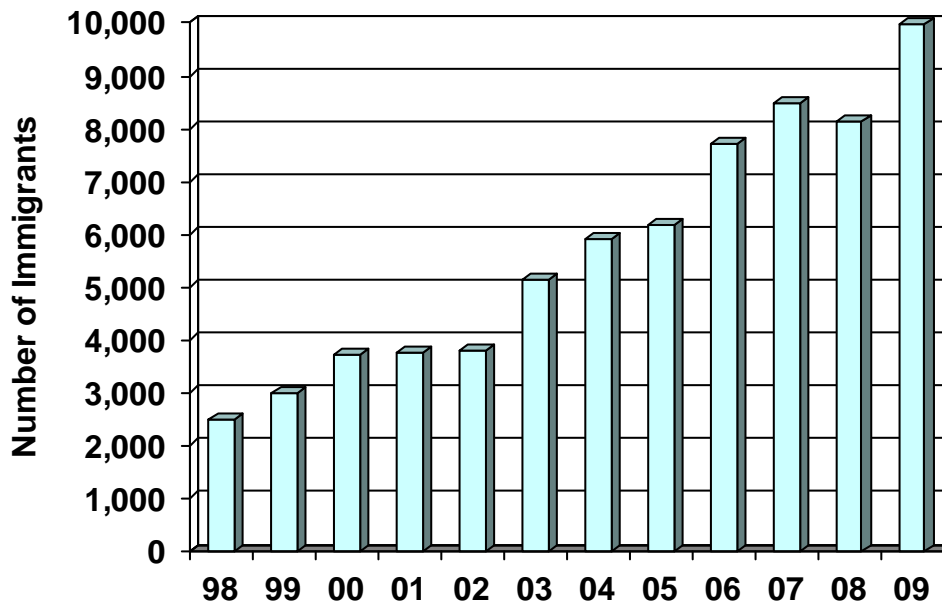
# A significant contributing factor to Winnipeg's population growth is Winnipeg's rising immigration

With the success of the Provincial Nominee Program, which began in 1999, Winnipeg's immigration has quadrupled.

In 2007, the Province of Manitoba set a new target for the year 2017: to double the annual number of immigrants from 10,000 province-wide to 20,000; in 2009, the Province received 13,500.

– Winnipeg typically receives about 75% of the total immigrants to MB.

Immigration to Winnipeg



City Regions	2008	2009
Toronto	86,900	82,644
Montreal	38,883	42,534
Vancouver	37,466	34,626
Calgary	13,038	13,708
Winnipeg	8,140	9,971
Edmonton	7,516	8,508
Ottawa	6,286	6,297
% of Canada	80%	79%
Total Canada	247,247	252,179

# Highlights from the Conference Board's Demographic and Economic Forecast Report

- **Over the long term,**
  - **Population is forecasted to grow by 7,000 to 8,000 people per year (average 1.1%).**
  - **Economic growth to average of 2.5% year (Real GDP).**
- **Although the population will age as baby boomers enter retirement, rising immigration will help support growth in Winnipeg's labour force.**
- **Sound employment prospects and relative housing affordability will boost interprovincial and intercity migration to Winnipeg.**
- **"Migration will become an increasingly important factor for population growth, and Winnipeg's ability to attract new migrants will become an important determinant of its future economic potential."**

Source: Conference Board of Canada, "Long Term Demographic and Economic Forecast for Winnipeg CMA" report, June, 2007.

# Winnipeg's Housing Market continues to be healthy which is in contrast to Canada's housing market.

With renewed population growth, new house construction began an upward trend. Housing starts in 2006 & 2007 have tripled in numbers since 2000. In 2009 new home buyers were cautious, but 2010 shows we are back to a strong market.

House prices have also increased substantially – doubling since 2000.

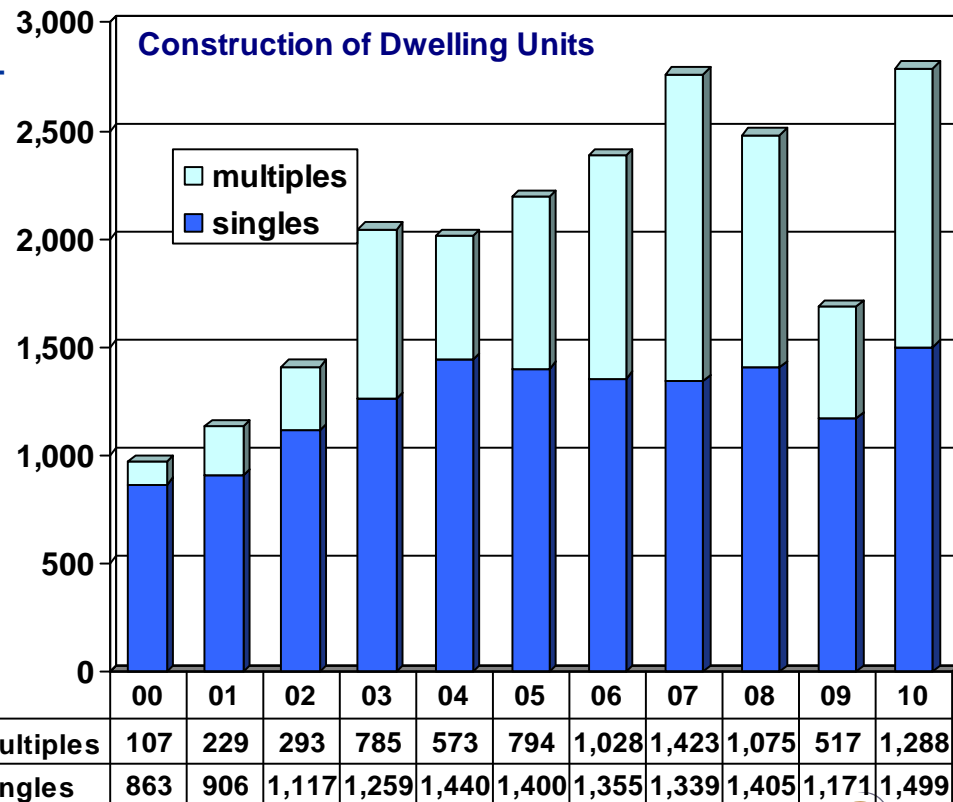
“Winnipeg's resale homes market will set a new yearly record for dollar volume of sales after posting its best October on record last month, Winnipeg REALTORS said today.”  
 Wpg Free Press, November 5<sup>th</sup>,2010

## New House Prices, Single Detached, Average

Year	Price	% Increase
2000	\$175,500	
2009	\$369,300	110%
2010F	\$385,000	4%
2011F	\$400,000	4%

## Resale House Prices, Average MLS Listing

Year	Price	% Increase
2000	\$89,100	
2009	\$207,300	133%
2010F	\$226,000	9%
2011F	\$232,000	3%

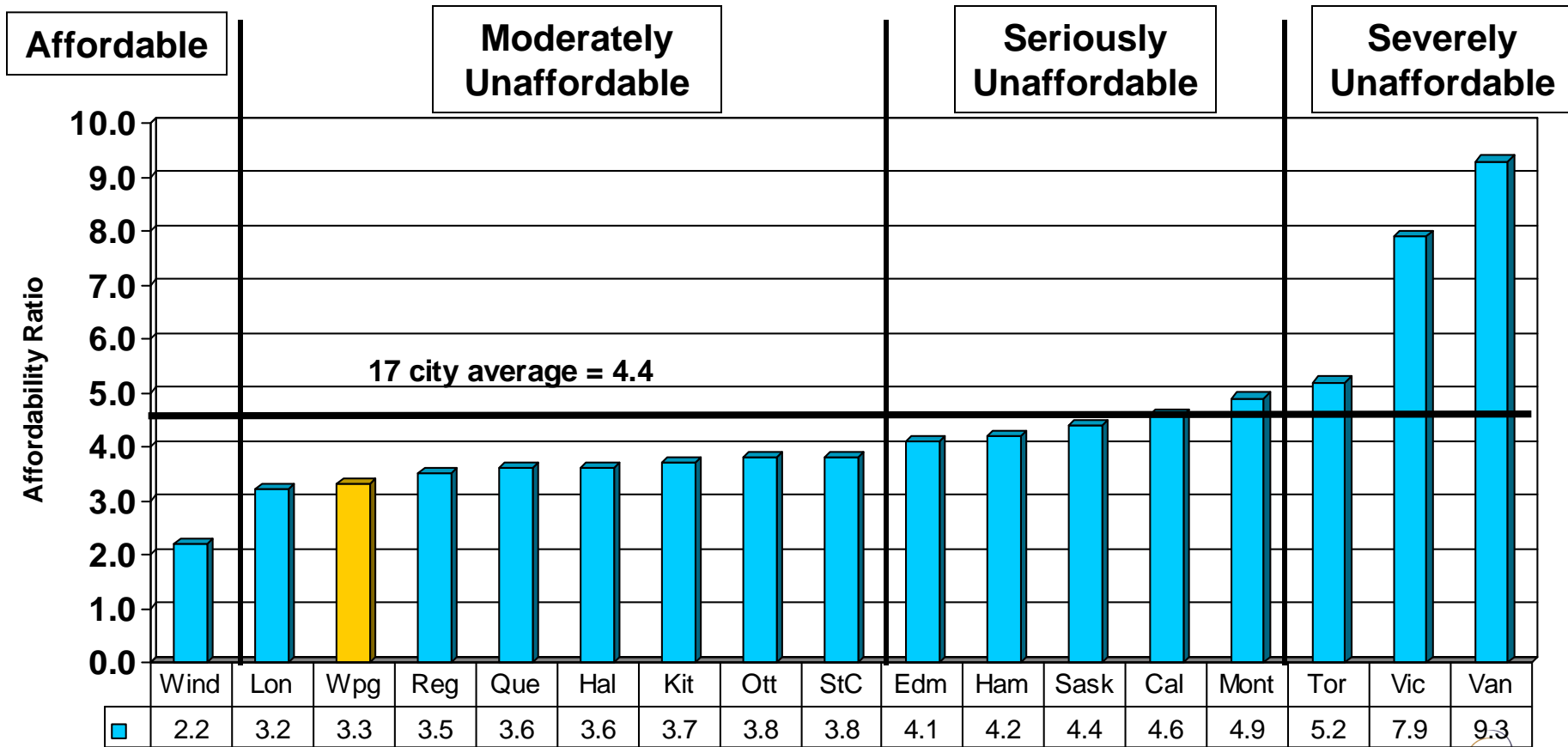


Source: Canada Mortgage and Housing Corporation

# Housing Affordability

## Median House Price / Median Household Income

Even with significant house price increases over the last several years, Winnipeg continues to have affordable house prices relative to other Canadian cities.



Source: Demographia, 6<sup>th</sup> International Housing Affordability Survey: 2010 (data for 3<sup>rd</sup> quarter 2009).  
 Used 17 largest Canadian CMA cities (Regina and larger, 200,000 plus population).  
 Affordability categories established by Demographia, <http://www.demographia.com/>



# Key Economic Indicators

## Real Gross Domestic Product (GDP)

	2007	2008	2009	2010F	2011F
Winnipeg	3.8%	1.9%	-0.5%	1.3%	2.0%
Canada	2.2%	0.5%	-2.5%	3.0%	2.5%

## Consumer Price Index (CPI) Annual Averages

	2007	2008	2009	2010F	2011F
Winnipeg	2.1%	2.3%	0.6%	0.7%	2.0%
Canada	2.1%	2.4%	0.3%	1.8%	2.3%

## Employment Growth, annual % change

	2007	2008	2009	2010F	2011F
Winnipeg	2.2%	1.2%	0.1%	1.9%	1.4%
Canada	2.3%	1.5%	-1.6%	1.7%	2.3%

## Unemployment Rate

	2007	2008	2009	2010F	2011F
Winnipeg	4.7%	4.3%	5.4%	5.7%	5.8%
Canada	6.0%	6.1%	8.3%	8.1%	7.4%

Source: Conference Board of Canada,  
Metropolitan Outlook data, released December 2010

Even though Canada was in a recession in 2009 and experiencing significant job losses, Winnipeg's economy was still creating jobs.

Overall, for 2011, Winnipeg's economic indicators are positive.

Winnipeg's economy is expected to create 28,000 jobs over the next 5 years.

# Value of Building Permits

## Value of Building Permits (\$ millions) City of Winnipeg

	2005	2006	2007	2008	2009
Residential	\$337	\$445	\$449	\$ 512	\$ 414
Non-Residential	\$319	\$404	\$394	\$ 542	\$ 697
<b>Total</b>	<b>\$656</b>	<b>\$849</b>	<b>\$843</b>	<b>\$1,054</b>	<b>\$1,111</b>

In 2009, the City of Winnipeg again saw over \$1 billion dollars in building permit values. There was a 5% increase over 2008.

## Value of Building Permits (\$ millions) City of Winnipeg

	2008	2009	% change
<b>Residential</b>			
Single	\$242	\$214	- 11%
Multi's	\$167	\$80	- 52%
Renovations	\$103	\$120	+ 16%
<b>Total Residential</b>	<b>\$512</b>	<b>\$414</b>	<b>- 19%</b>
<b>Total Non Residential</b>	<b>\$542</b>	<b>\$697</b>	<b>+ 28%</b>
<b>Grand Total</b>	<b>\$1054</b>	<b>\$1111</b>	<b>+ 5%</b>

### How is 2010 looking?

- Residential building permit values have significantly increased.
- Non residential values are tracking lower than 2009.
- Overall 2010 building permit value is similar to 2009.

# Actions to Improve Quality of Life

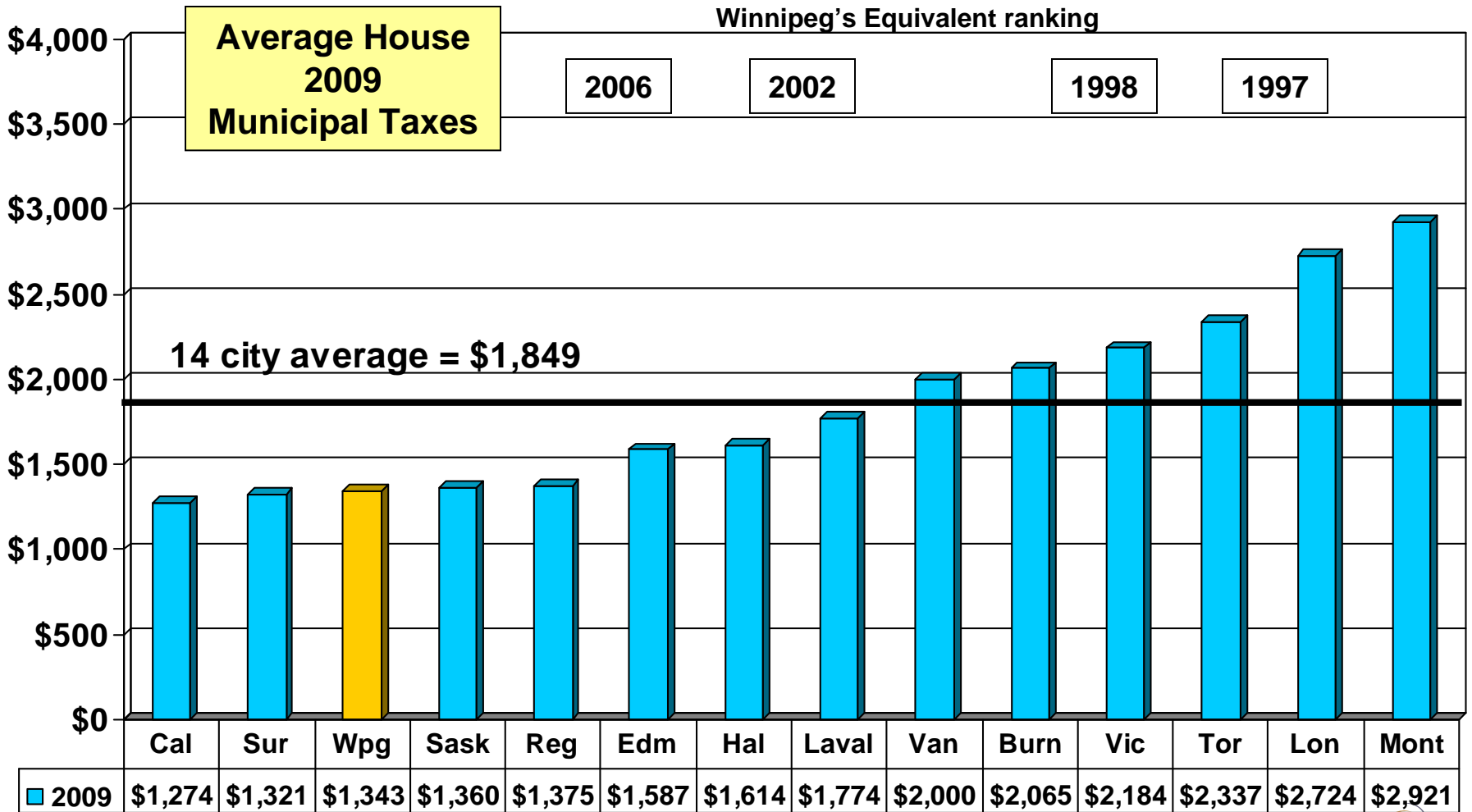
Groupings	Detail of Responses	# of responses	% of people surveyed
<b>32.7% Roads / Infrastructure</b>	Fix roads and streets	135	22.4%
	Build / fix / improve City infrastructure	25	4.1%
	Improve traffic flow	23	3.8%
	Improve snow clearing	8	1.3%
	Improve maintenance of parks & recreation facilities	6	1.0%
<b>18.1% Crime/Policing</b>	Reduce crime/improve law enforcement	88	14.6%
	Provide more police	21	3.5%
<b>8.1% Transit</b>	Rapid Transit / Improve public transit	49	8.1%
<b>4.8% More things to do</b>	Create recreation activities / water park for youth	20	3.3%
	Provide more entertainment (e.g.: concerts, etc)	6	1.0%
	Provide more support for Arts and Culture	3	0.5%
<b>3.5% Downtown Renewal</b>	Develop/improve downtown	14	2.3%
	Clean up downtown	7	1.2%
<b>3.5% City Beautification</b>	Clean up the City	18	3.0%
	Remove graffiti	3	0.5%
<b>3.2% Bicycle &amp; Walking Trails</b>	Provide/improve bicycle and walking trails	19	3.2%
<b>2.8% Taxation</b>	Lower property taxes / education property taxes	13	2.2%
	Lower costs of City services	4	0.7%
<b>2.5% Economy</b>	Create employment and industry	14	2.3%
	Develop business in the city	1	0.2%
<b>2.2% Poverty</b>	Help the homeless	7	1.2%
	Improve social services and welfare programs	6	1.0%
<b>1.5% Housing</b>	Develop affordable housing	9	1.5%
<b>1.3% City Planning</b>	better city planning	6	1.0%
	more malls	2	0.3%
<b>1.2% Healthcare</b>	Improve health care	7	1.2%
<b>1.0% Green space</b>	More green space / more parks	6	1.0%
<b>0.8% Recycling /Environment</b>	Improve recycling program & clean up environment	5	0.8%
<b>0.8% Doing well</b>	Everything is good, all good, doing well	5	0.8%
<b>0.7% Insect Control</b>	Provide better insect control	4	0.7%
<b>6.3% Other</b>	miscellaneous other suggestions	38	6.3%
<b>33.8% No suggestions</b>	don't know / refused	204	33.8%

**Citizens were asked: “What actions do you think the City of Winnipeg could take to improve life in the city?”**

**Fixing roads and streets (33%) and reducing crime (18%) were the top priorities.**

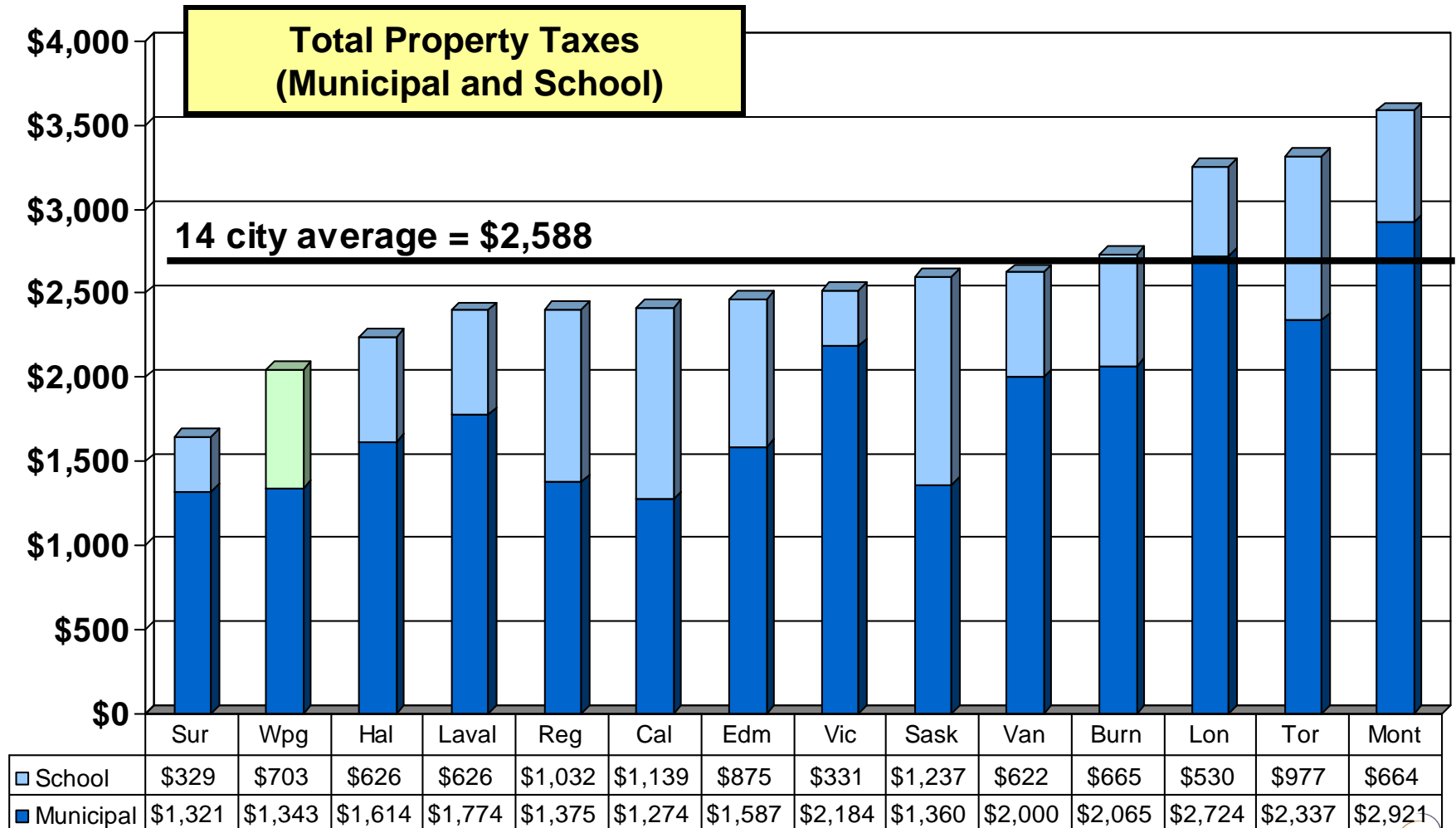
Source: City of Winnipeg  
2009 Survey conducted by Market Dimensions.  
Margin of Error +/- 4%, 19 times out of 20

# Winnipeg's residential municipal property taxes are more competitive than 10 years ago



Source: City of Edmonton 2009 Residential Property Taxes & Utility Charges Survey, released January 2010. Out of 21 cities in survey, used 14 largest cities (Regina and larger approx 200,000 plus population) that provided average data.

# 2009 Edmonton Residential Property Tax Survey for Average House<sup>12</sup>



Source: City of Edmonton 2009 Residential Property Taxes & Utility Charges Survey, released January 2010.  
 Out of 21 cities in survey, used 14 largest cities (Regina and larger approx 200,000 plus population)  
 that provided average data.

# Property Tax Changes in Cities

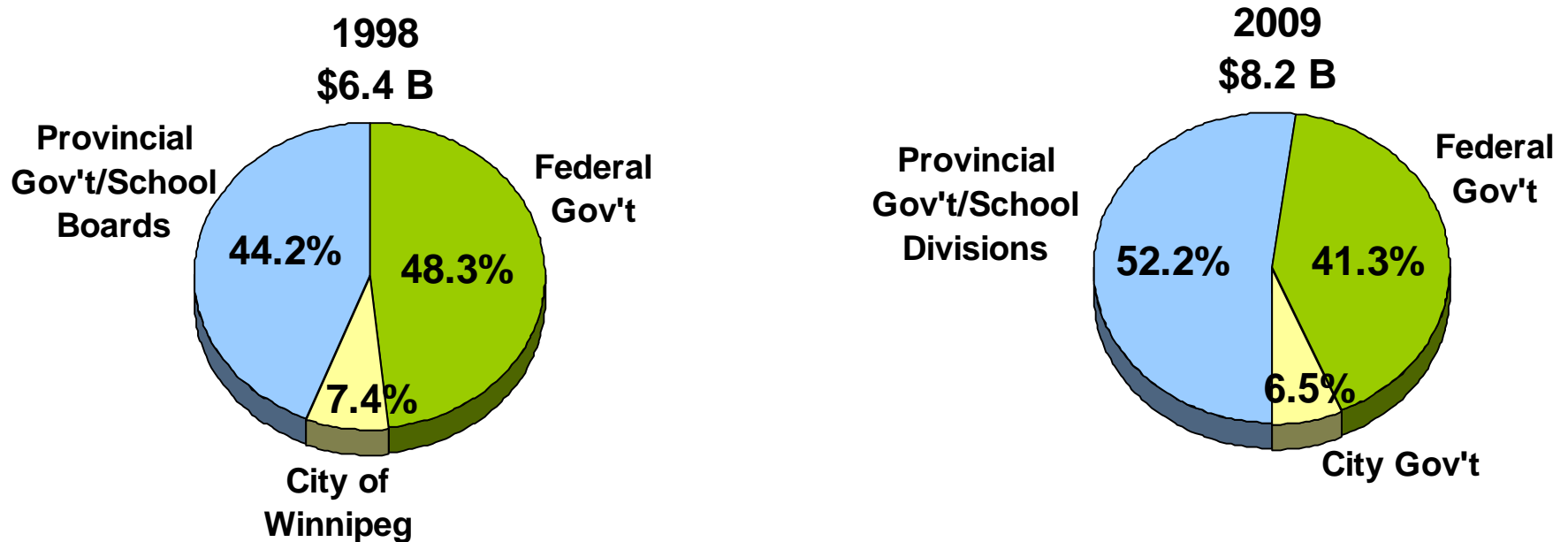
**Winnipeg's ranking in the Edmonton Property Tax Survey has changed due to the property tax freezes and reductions that have occurred over the last 13 years. During this same period, other cities have been increasing property taxes.**

	<u>Cummulative 1999 to 2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Cummulative 1999 to 2010</u>
<b>Western Cities</b>							
Vancouver	25.5%	3.2%	8.0%	1.2%	5.9%	4.1%	47.9%
Edmonton	26.8%	3.5%	5.0%	7.5%	7.3%	5.0%	55.1%
Calgary	25.6%	4.4%	2.6%	4.5%	5.3%	4.8%	47.2%
Saskatoon	20.2%	3.8%	4.8%	5.4%	3.4%	3.9%	41.5%
Regina	16.9%	0.0%	3.9%	2.8%	0.0%	4.0%	27.6%
Winnipeg	-6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-6.0%
<b>Eastern Cities</b>							
							<u>2006 to 2010</u>
Toronto		3.0%	3.8%	3.8%	4.0%	2.9%	17.5%
Ottawa		3.9%	0.3%	4.9%	4.9%	3.8%	17.8%
Hamilton		2.2%	3.4%	4.6%	6.1%	2.0%	18.3%
Montreal		0.0%	0.0%	0.0%	0.0%	5.3%	5.3%

Source: Cities' websites

# Total Estimated Taxes Paid By Winnipeggers

**There has been a shift – the Provincial Government collects an increasing share of the taxation pie.**



Source: Revenue Canada Agency and annual financial reports of the governments of Canada, Manitoba, and Winnipeg.

# The City has reduced its reliance on property and business taxes.

## Consolidated Budget, in constant 2009 dollars

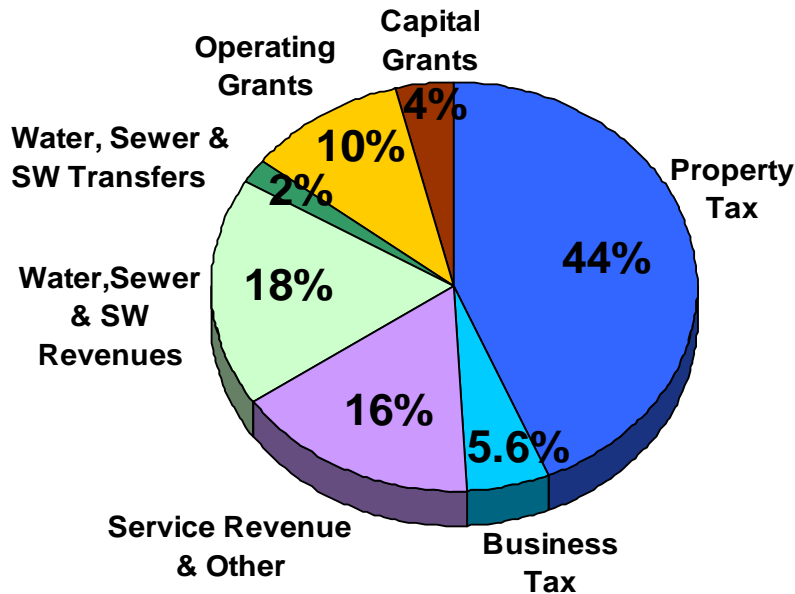
When compared to 1998 in constant 2009 dollars:

2009 Tax Supported Operating Budget Revenues increased by \$12 million.

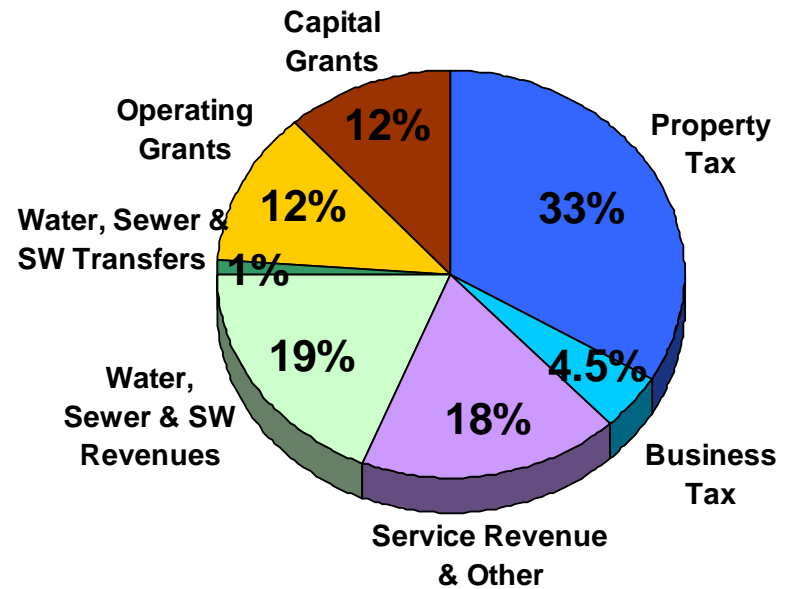
2009 Water, Sewer and Solid Waste Utilities Revenues increased by \$42 million. ↑

2009 Capital Grants increased by approximately \$105 million. ↑

**1998 Budget**  
**\$1,116 million**

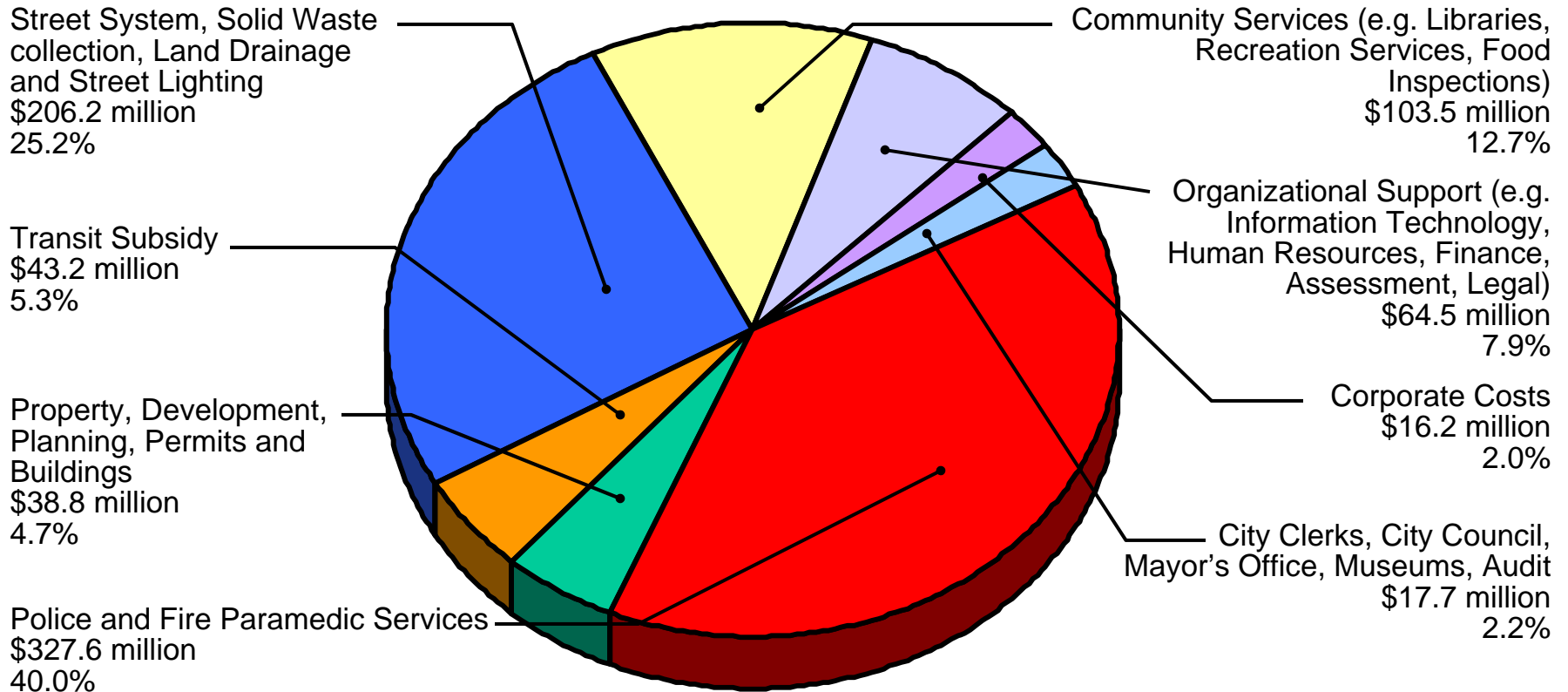


**2009 Budget**  
**\$1,276 million**



Source: City of Winnipeg, City budget documents and information, consolidated budget

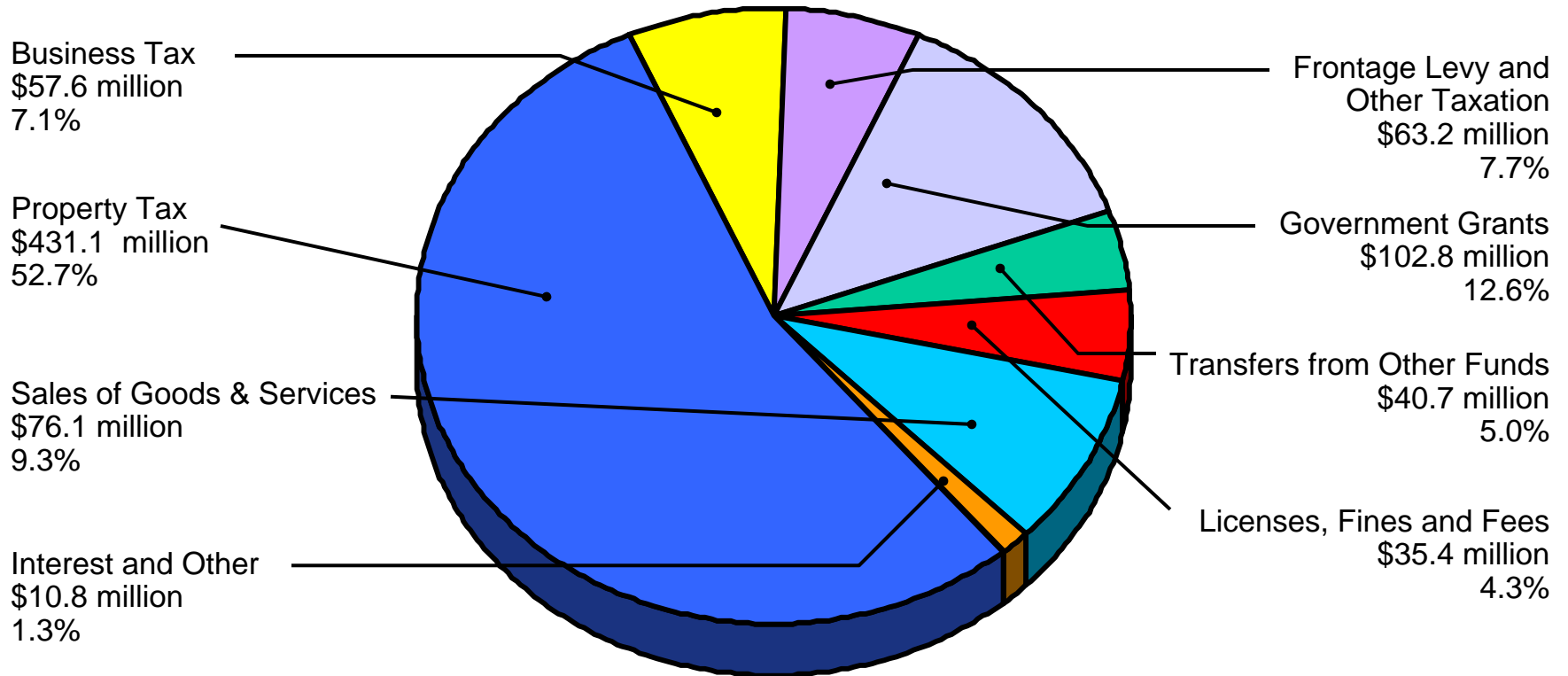
# How is the Money Spent in the Operating Budget?



**2010 Adopted Operating Budget - \$817.7 million**

*Tax Supported*

# Where does the Money Come From in the Operating Budget?



**2010 Adopted Operating Budget - \$817.7 million**

*Tax Supported*

# General Update – Significant Financial Issues

## ■ Taxation

- Property tax rates reduced or frozen for 13 years
- Business tax rates reduced by 34% (9.75% to 6.39%)

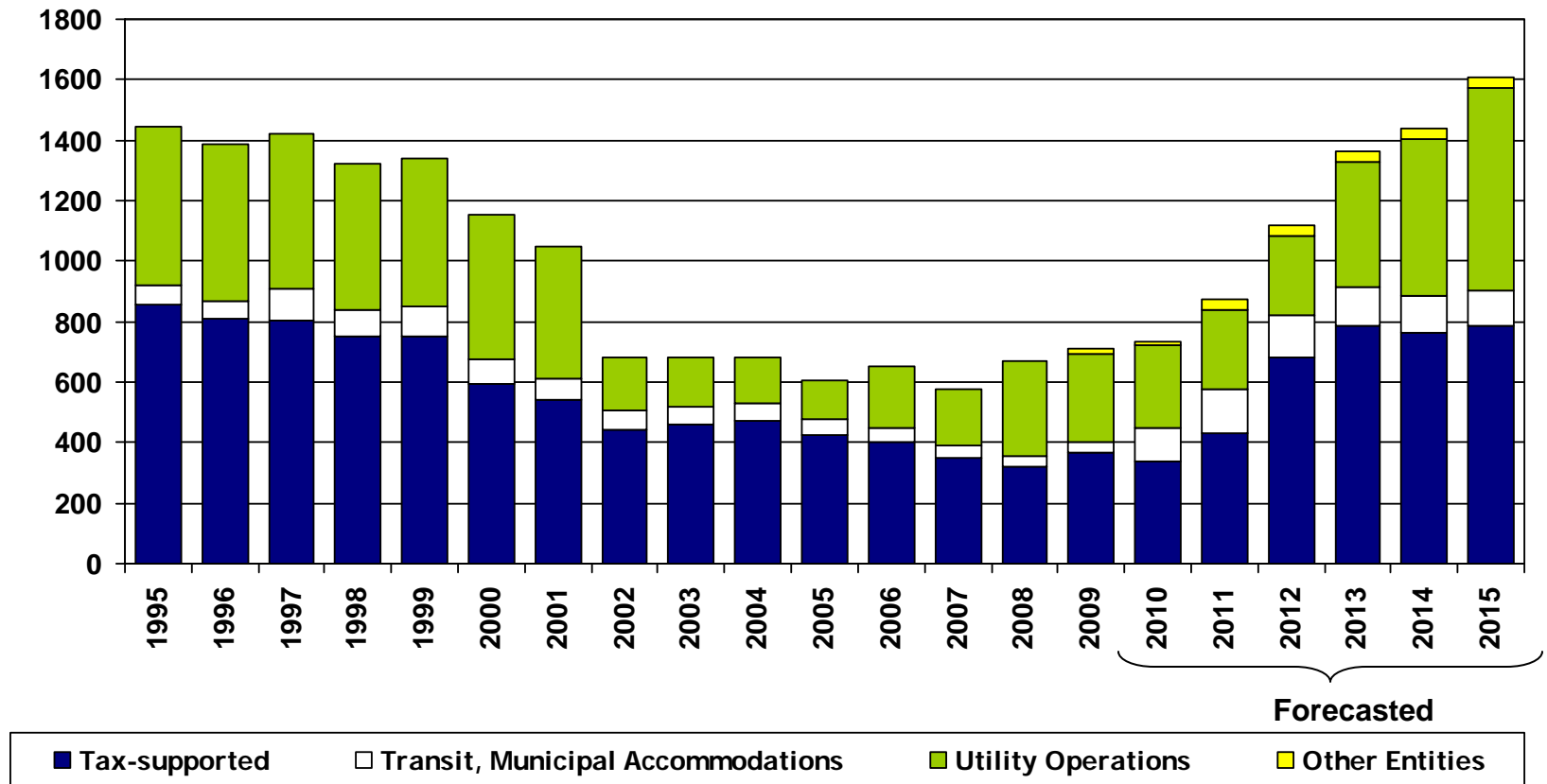
## ■ Assessment

- Shorter cycle (2 years)

## ■ Challenges

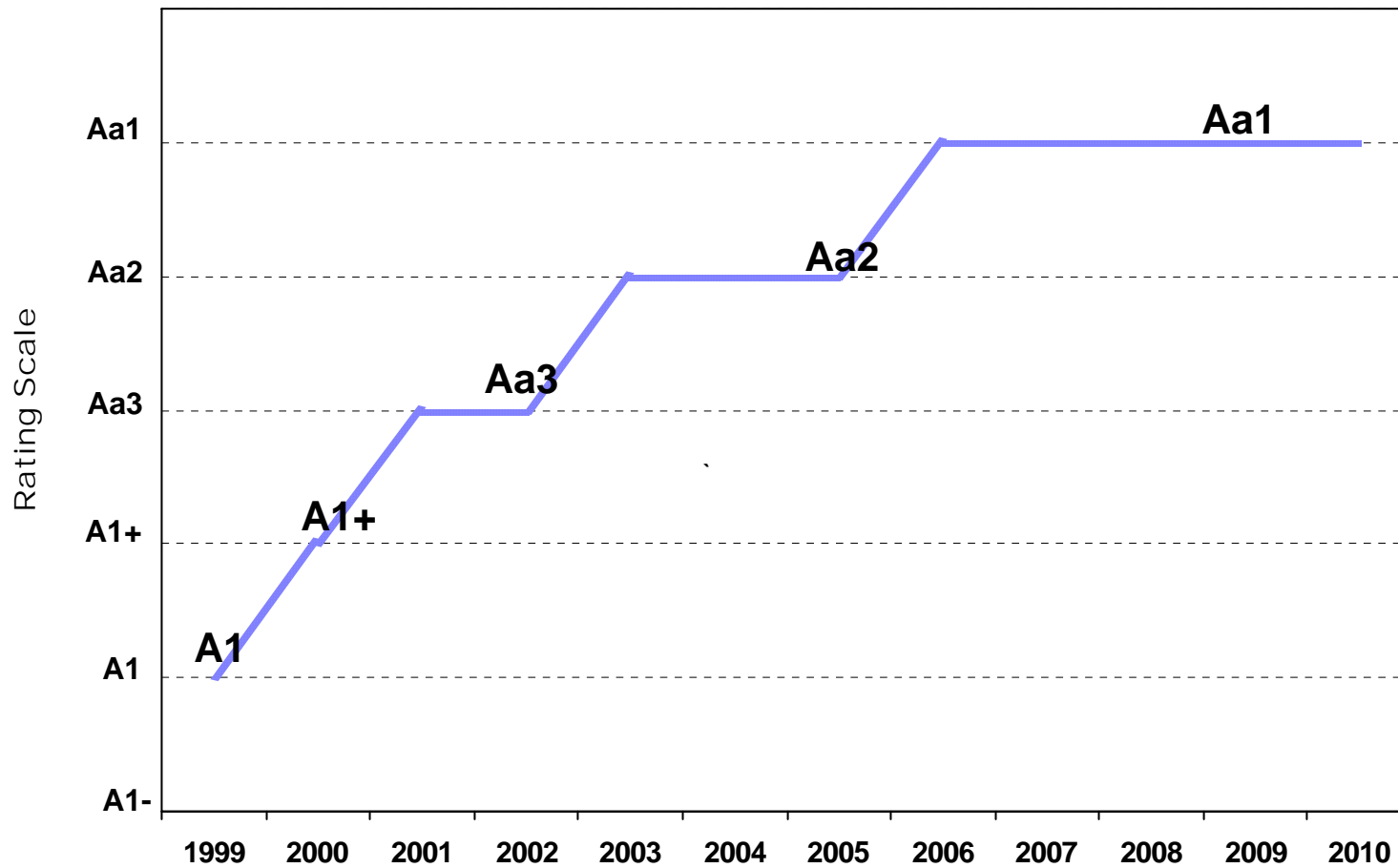
- Infrastructure deficit
- Major wastewater projects mandated by Clean Environment Commission
- Funding rising costs of public safety
- Small percent of “tax pie”
- Lack of growth revenues
- Pension costs

# City of Winnipeg Net Debt Per Capita as at December 31st



- Debenture debt and P3 obligations included
- Other Entities included in 2009 and subsequent years

# CREDIT RATING



Source Moody's Investors Service

# Budgeting

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- Service based budgeting
- Multi-year budgeting
  - 3 years for operating
  - 6 years for capital
- Budgeting for reserves

# City Services

- ***INFRASTRUCTURE RENEWAL AND PUBLIC WORKS***
  - Roadway construction & maintenance
  - Transportation planning & traffic management
  - Roadway snow removal & ice control
  - Public transit
  - Land drainage & flood control
  - Solid waste collection
  - Solid waste disposal
  - Parks & urban forestry
  - City beautification
  - Water
  - Wastewater
  - Recycling & waste minimization
  - Fleet Management (Special Operating Agency)
  - Parking Authority (Special Operating Agency)

# City Services (con't)

- ***PROPERTY AND DEVELOPMENT***
  - City planning
  - Neighbourhood revitalization
  - Development approvals, building permits & inspections
  - Economic development
  - Heritage conservation
  - Property asset management
  - Cemeteries

# City Services (con't)

- ***PROTECTION AND COMMUNITY SERVICES***
  - **Police response**
  - **Crime prevention**
  - **Traffic safety & enforcement**
  - **Fire & rescue response**
  - **Fire & injury prevention**
  - **Medical response**
  - **Disaster preparedness & response**
  - **Recreation**
  - **Golf services (Special Operating Agency)**
  - **Community health**
  - **Libraries**
  - **Arts, entertainment & culture**
  - **Insect control**
  - **Animal services (Special Operating Agency)**

# Operating Budget Context

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- Continued global economic uncertainty
- Federal and provincial government funding partners facing deficits
- Winnipeg's residential property taxes are among the lowest of large Canadian cities
- Small business tax credit

## Operating Budget Context (Cont'd)

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- City service levels are valued by Winnipeggers
- Continued focus on efficiencies
- Winnipeg has the lowest operating cost per capita when compared to other large Canadian cities

# Operating Budget Development Process

- Operating budget public consultations
- Starting point is the 2-year Council approved forecast for 2011 and 2012 from the 2010 operating budget process
- Review of existing operating funding needs and new funding requirements & initiatives
- Executive Policy Committee tables a 3-year plan
- Standing Policy Committees hear public delegations and review budget
- Executive Policy Committee hears public delegations and makes final decisions to Council
- Council adopts the 2011 operating budget and receives for information the Projections on Financial Plans for 2012 and 2013.

And now we would like to hear from you...