

2012 Operating Budget Public Consultation



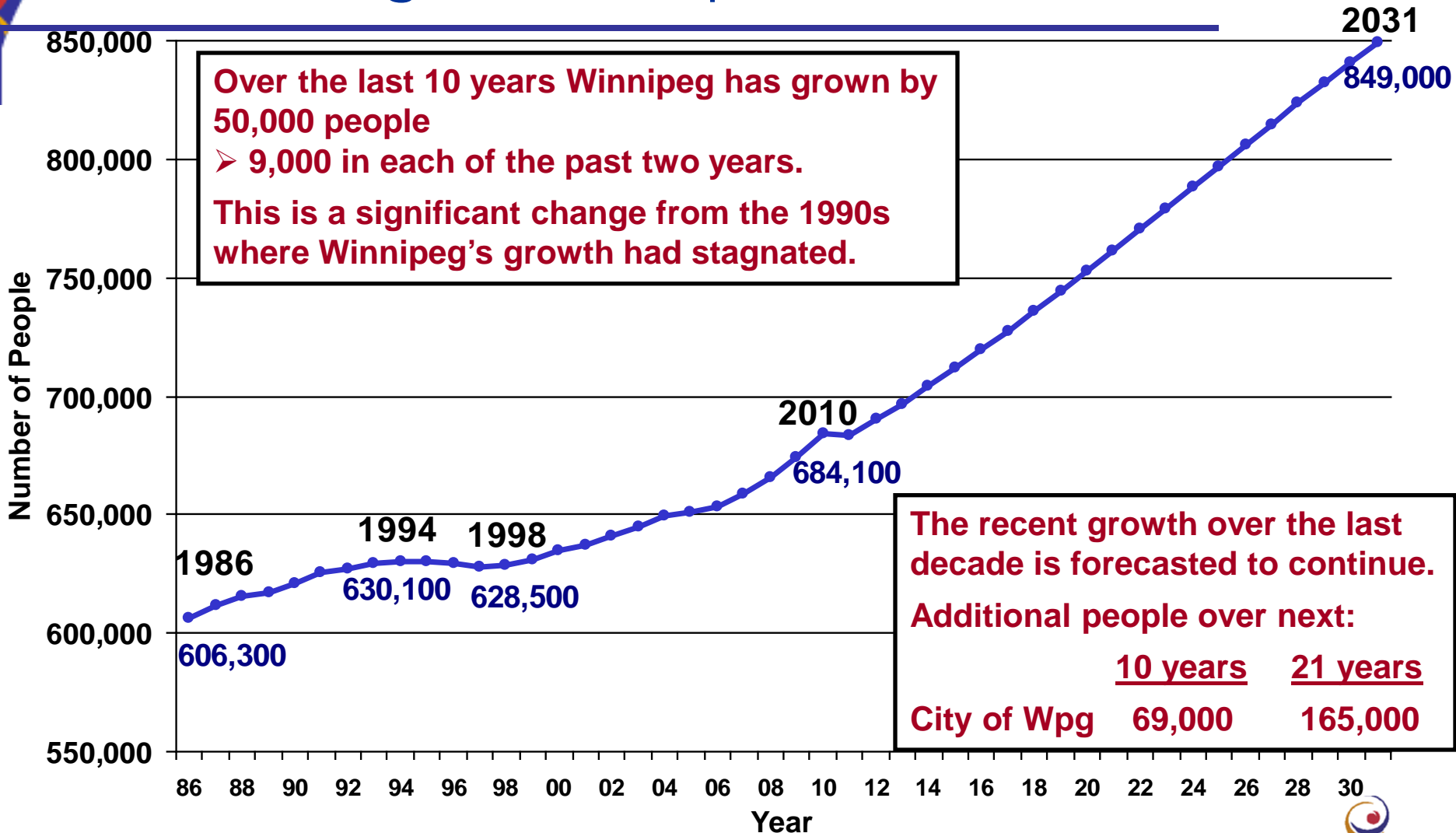
Councillor Scott Fielding
Chairperson of the Standing Policy Committee on Finance

January 31, 2012

Agenda

- 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.



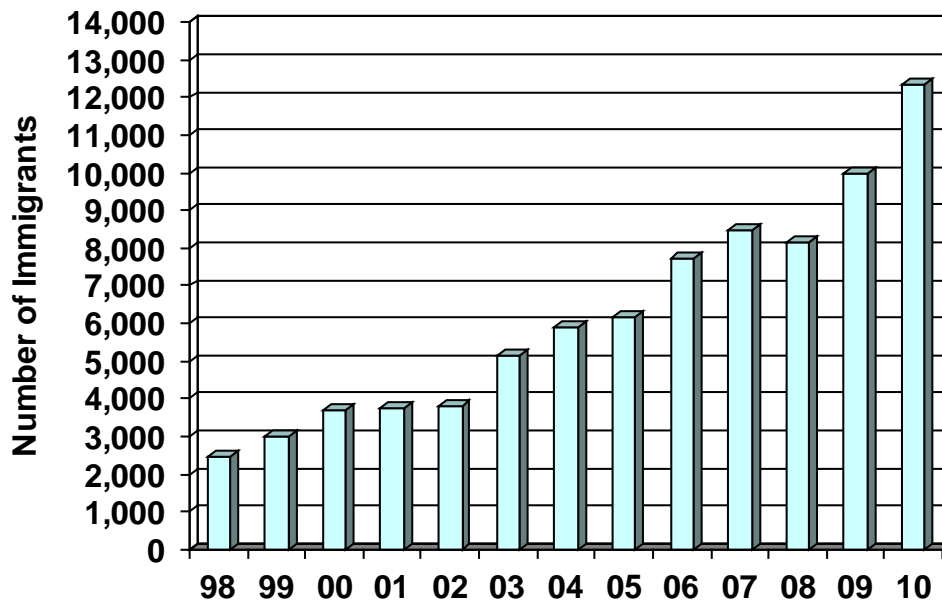
A significant contributing factor to Winnipeg's population growth is Winnipeg's rising immigration

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	2009	2010
Toronto	82,637	92,184
Montreal	42,531	46,460
Vancouver	34,628	37,336
Calgary	13,708	16,103
Winnipeg	9,972	12,342
Edmonton	8,508	11,006
Ottawa	6,297	7,172
% of Canada	79%	79%
Total Canada	252,172	280,681

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.

New House Prices, Single Detached, Average

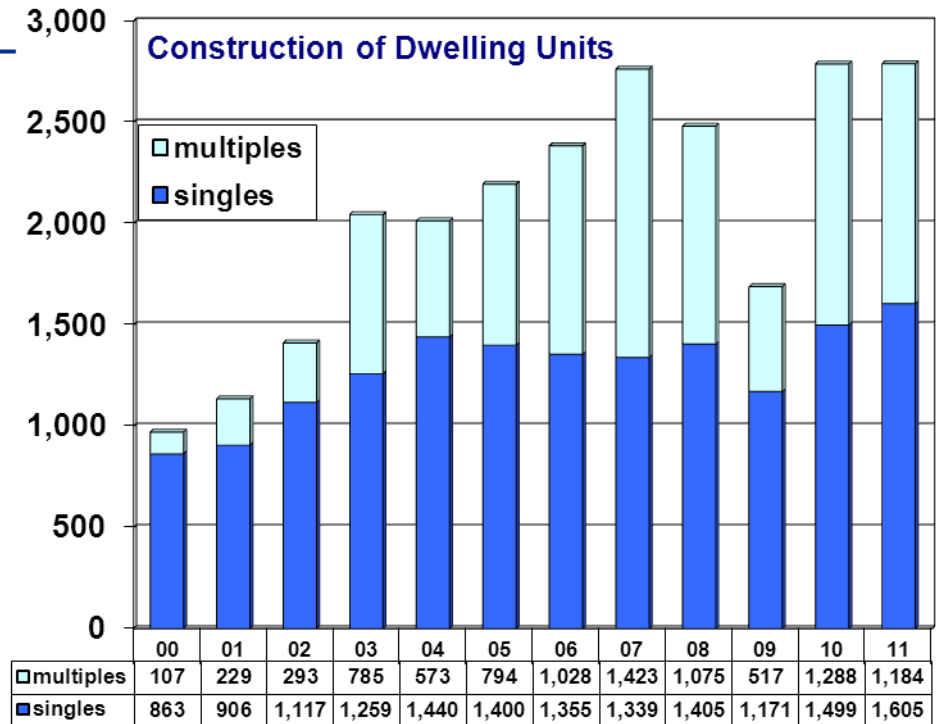
Year	Price	% Increase
2000	\$175,500	
2010	\$376,600	115%
2011F	\$392,000	4%
2012F	\$406,000	4%

Resale House Prices, Average MLS Listing

Year	Price	% Increase
2000	\$89,100	
2010	\$228,700	157%
2011F	\$241,000	5%
2012F	\$250,000	4%

Source: CMHC Housing Market Outlook, Fall 2011

“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 5th,2010



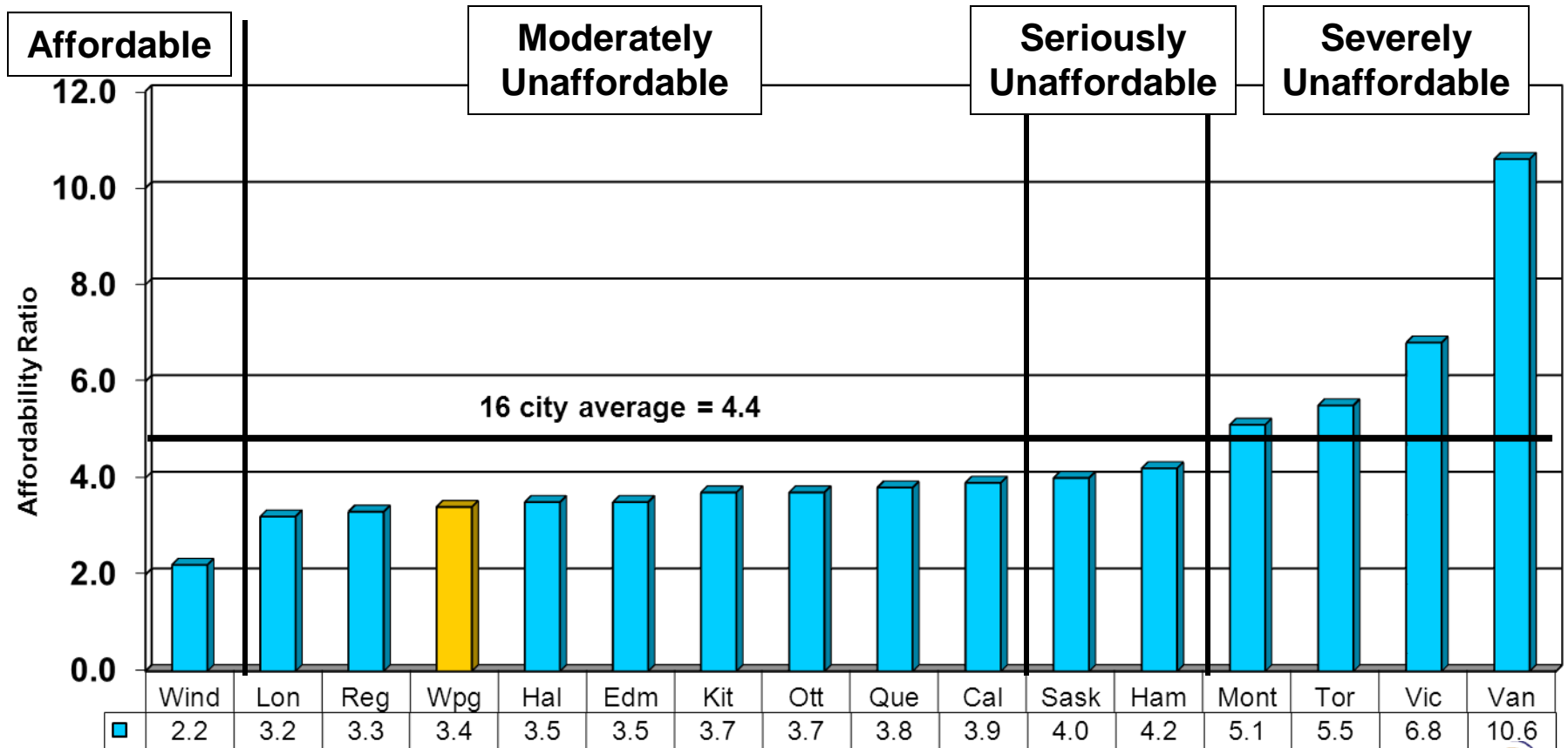
Source: Canada Mortgage and Housing Corporation



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, 8th International Housing Affordability Survey: 2012 (data for 3rd quarter 2011).
 Used 16 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)

	2008	2009	2010	2011F	2012F
Winnipeg	1.5%	-0.1%	2.1%	1.8%	2.4%
Canada	0.6%	-2.6%	3.3%	2.2%	2.4%

Consumer Price Index (CPI) Annual Averages

	2008	2009	2010	2011F	2012F
Winnipeg	2.3%	0.6%	0.8%	2.8%	1.8%
Canada	2.4%	0.3%	1.8%	2.8%	2.2%

Employment Growth, annual % change

	2008	2009	2010	2011F	2012F
Winnipeg	1.5%	0.0%	1.9%	-0.3%	2.0%
Canada	1.7%	-1.6%	1.4%	1.7%	2.0%

Unemployment Rate

	2008	2009	2010	2011F	2012F
Winnipeg	4.3%	5.5%	5.7%	5.7%	5.6%
Canada	6.1%	8.3%	8.0%	7.4%	6.8%

Source: Conference Board of Canada,
Metropolitan Outlook data, released November 2011

Even though Canada was in a recession in 2009, Winnipeg's economy was relatively doing well.

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

Although job creation was flat following a strong 2010. Job creation for 2012 is forecasted at a strong 2.0%.

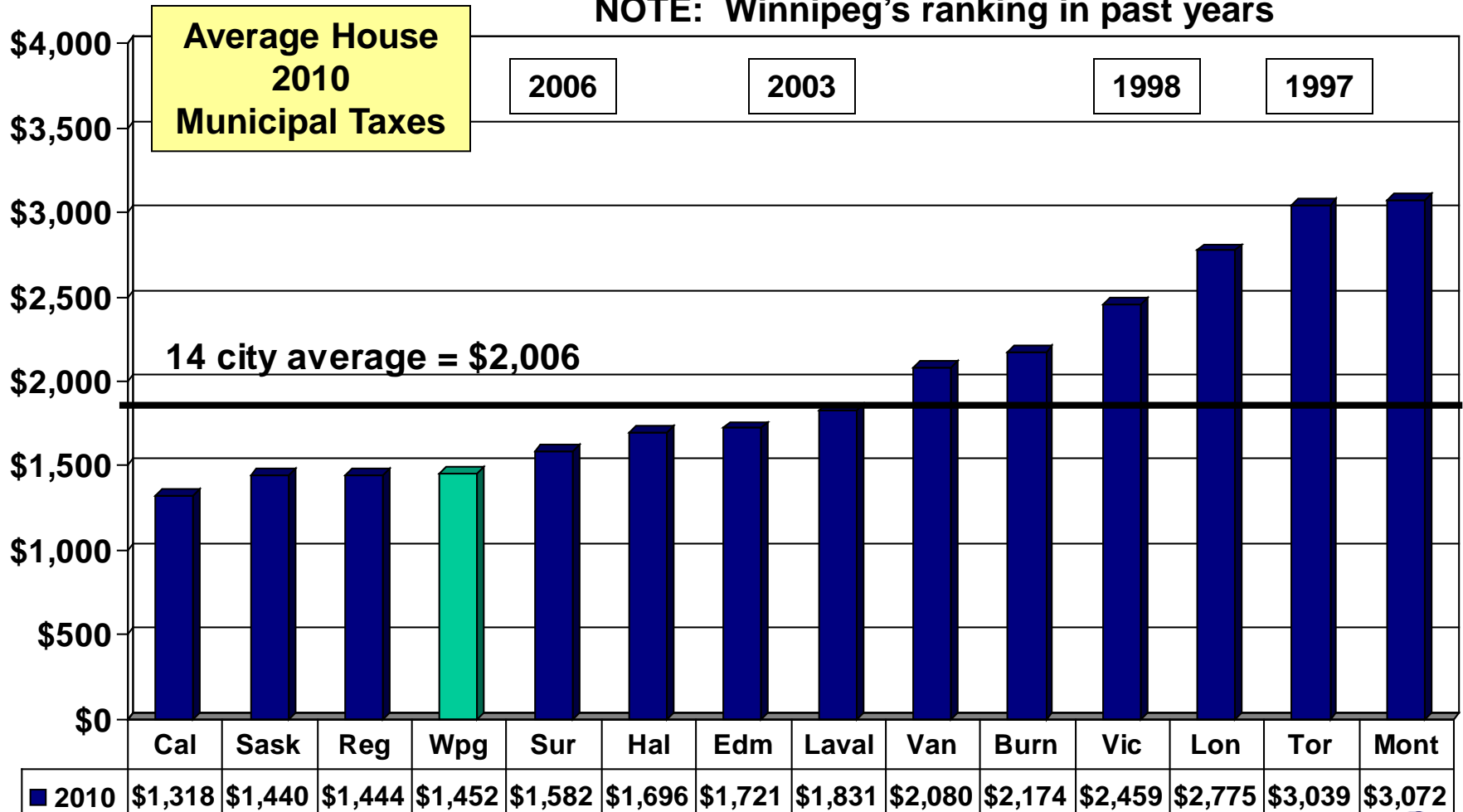
Over the next 5 years:

- Winnipeg's economy is expected to create 33,000 jobs.
- Population in the Winnipeg region forecasted to grow by 48,000 people.
- Annual housing starts expected to increase by 40%.

These are strong numbers for Winnipeg.

Winnipeg's Change in Ranking 2010 Edmonton Property Tax Survey

NOTE: Winnipeg's ranking in past years

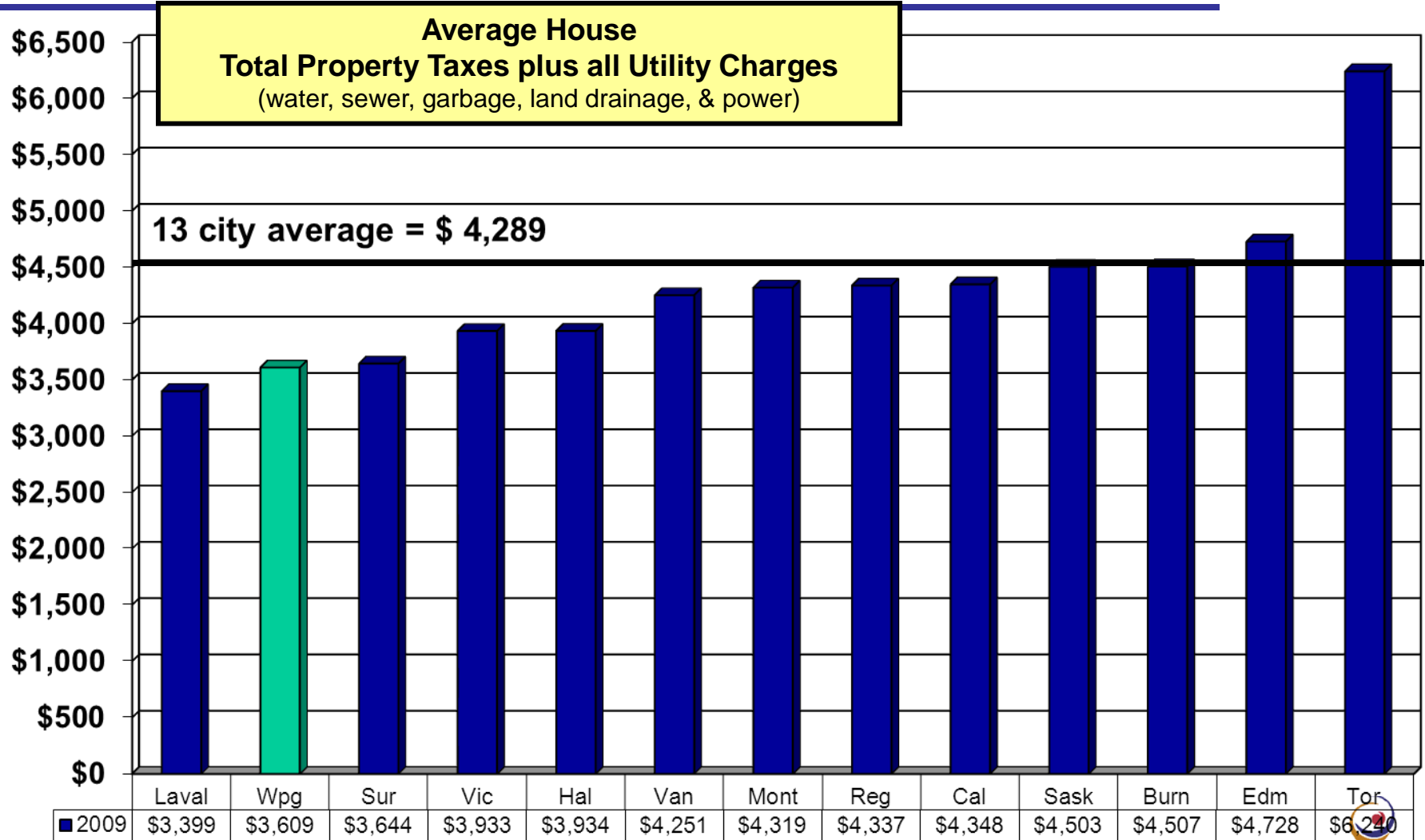


Source: City of Edmonton 2010 Residential Property Taxes & Utility Charges Survey.
 Out of 21 cities in survey, used 14 largest cities (Regina and larger approx 200,000 plus population) that provided average data.



Home Ownership Cost / Burden

2010 Edmonton Residential Property Tax Survey



Source: City of Edmonton 2010 Residential Property Taxes & Utility Charges Survey, .

Out of 21 cities in survey, used 13 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 14 years. During this same period, other cities have been increasing property taxes.

Western Cities

	<u>Cumulative</u> <u>1999 to 2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Cumulative</u> <u>1999 to 2011</u>	<u>2012</u>
Vancouver	28.7%	8.0%	1.2%	5.8%	2.0%	2.0%	47.7%	n/a
Edmonton	30.3%	5.0%	7.5%	7.3%	5.0%	3.9%	59.0%	5.4%
Calgary	30.0%	2.6%	4.5%	5.3%	4.8%	5.0%	52.2%	6.0%
Saskatoon	24.0%	4.8%	5.4%	3.4%	3.9%	4.0%	45.5%	4.0%
Regina	16.9%	3.9%	2.8%	0.0%	4.0%	4.0%	31.6%	3.9%
Winnipeg	-6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-6.0%	n/a

Eastern Cities

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2006 to 2011</u>	
Toronto	3.0%	3.8%	3.8%	4.0%	2.9%	0.0%	17.5%	2.5%
Ottawa	3.9%	0.3%	4.9%	4.9%	3.8%	2.5%	20.3%	2.4%
Hamilton	2.2%	3.4%	4.6%	6.1%	2.0%	0.8%	19.1%	4.8% ^P
Montreal	0.0%	0.0%	0.0%	0.0%	5.3%	4.3%	9.6%	2.5%

* NOTE: Edmonton – 3.9% for Operating and 1.5% for Capital

Source: Cities' websites

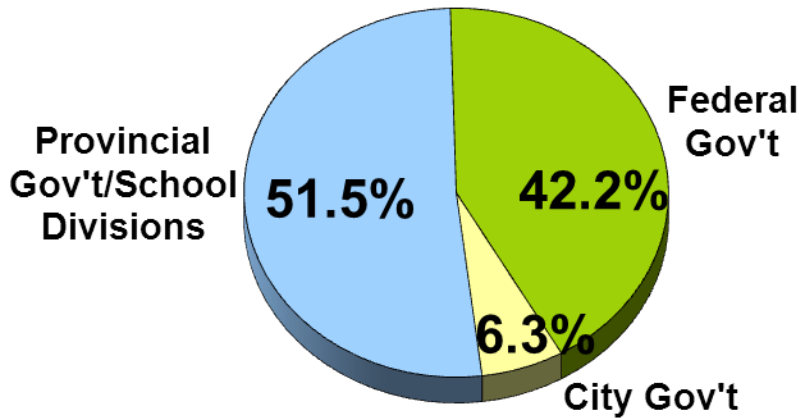
P" denotes a proposed increase

Winnipeg's Taxation Pie

(Before and After Transfers)

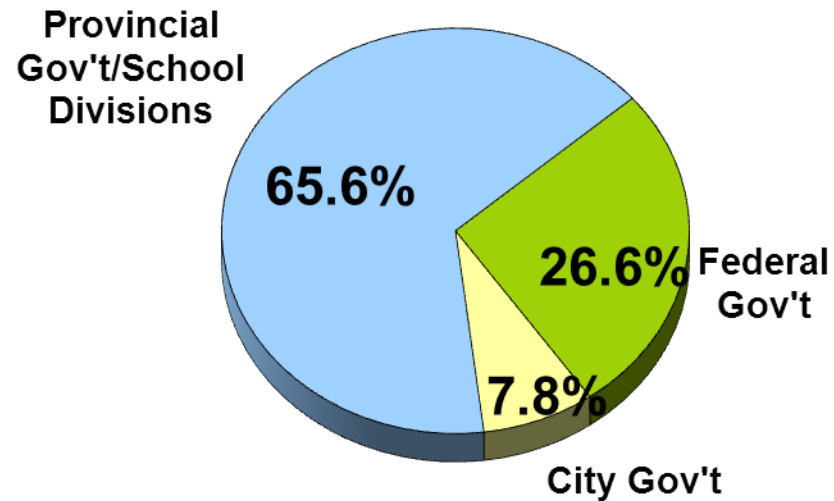
Total Estimated Taxes Paid by Winnipeggers to each level of government

2010
\$8.8 Billion



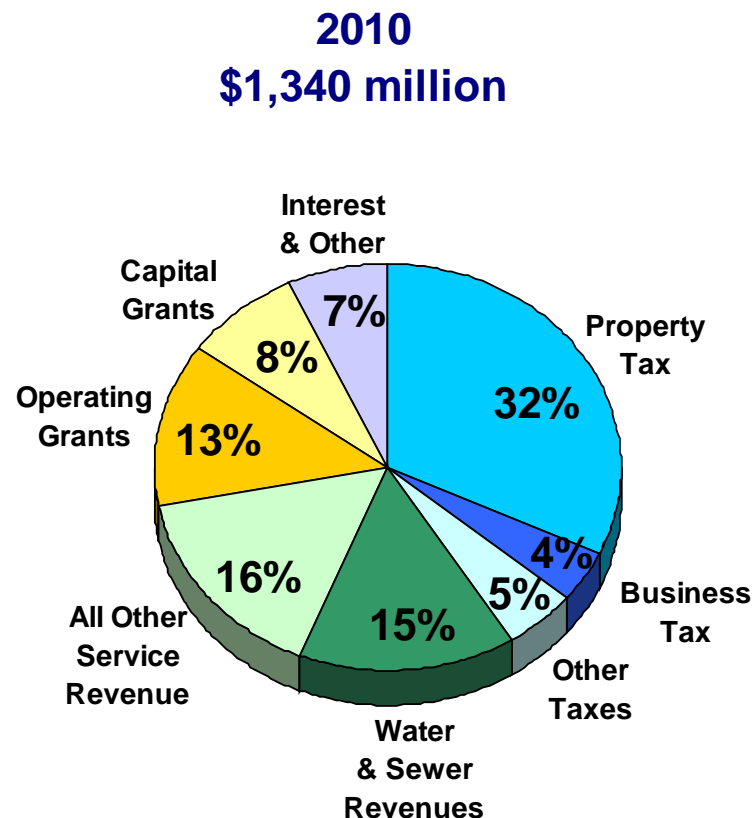
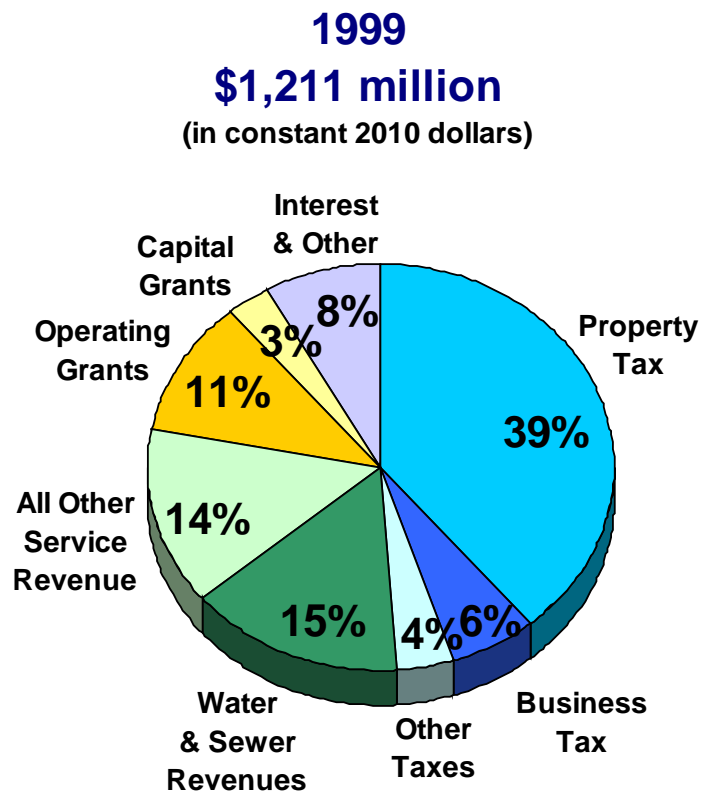
Total Estimated Taxes Paid by Winnipeggers and Adjusted for Intergovernmental Transfers (ie who receives the funding)

2010
\$10.3 Billion



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

Consolidated Revenues, in constant 2010 dollars



Source: City of Winnipeg, annual report

Most Important Issue or Concern Facing Winnipeg

Consistent Top Issues - Latest Results

Multiple Response

I would like you to tell me what you consider to be the most important issue or concern facing our city today?
 And what other issues or concerns do you think are important for Winnipeg today?

	<u>Dec 10</u>	<u>Mar 11</u>	<u>Jun 11</u>	<u>Sep 11</u>	<u>Dec 11</u>
Crime	51%	41%	42%	60%	63%
Infrastructure (mostly roads)	16%	20%	22%	18%	29%
Poverty	11%	9%	9%	9%	11%
Jobs/ Economy	13%	17%	10%	15%	11%
Health Care	10%	10%	9%	18%	8%
Public Transit / Bike Lanes	3%	1%	1%	4%	5%
Education	6%	6%	7%	6%	5%
Taxes/Tax Reform/Municipal Tax	5%	10%	4%	3%	5%

The most recent survey was conducted between November 25 and December 11, 2011.

Issues shown have results of 3% and over

Source: Probe Research, Quarterly Omnibus Poll, Winnipeggers
 Multiple Responses, Sample size = 600, Error ± 4.0% 19 times out of 20



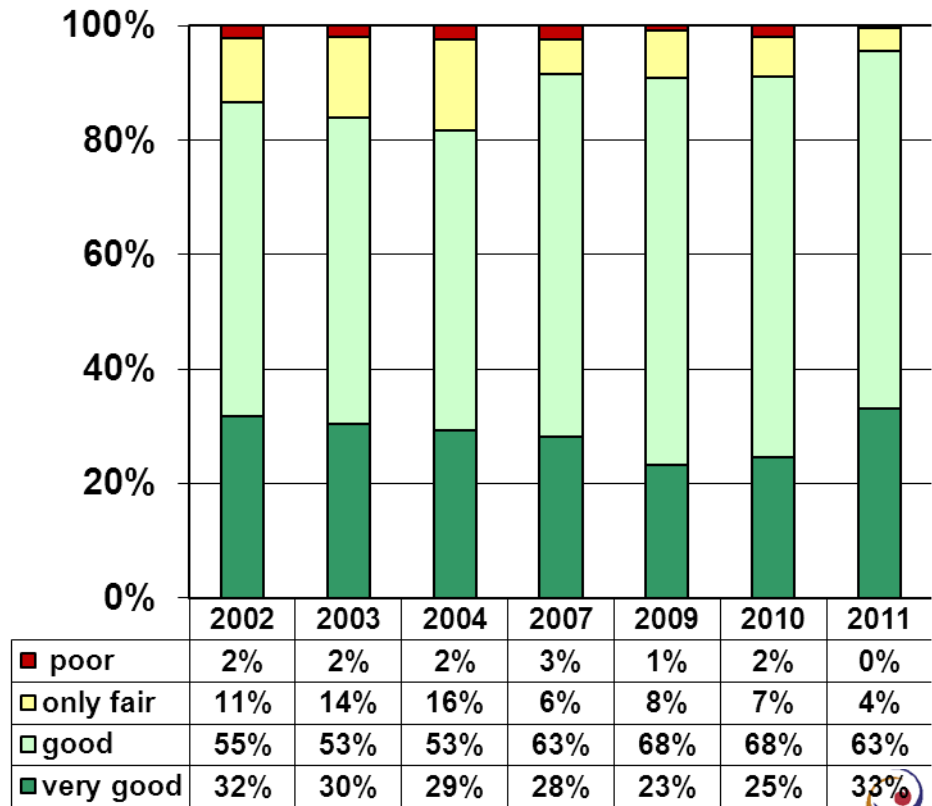
Quality of Life

Winnipeggers are very positive about their city.

In 2011,
96% of Winnipeggers
believe that the quality
of life in Winnipeg is
very good or good.

Highest showing since
we have been polling
(2000 to 2011).

How would you rate the quality of life in Winnipeg?

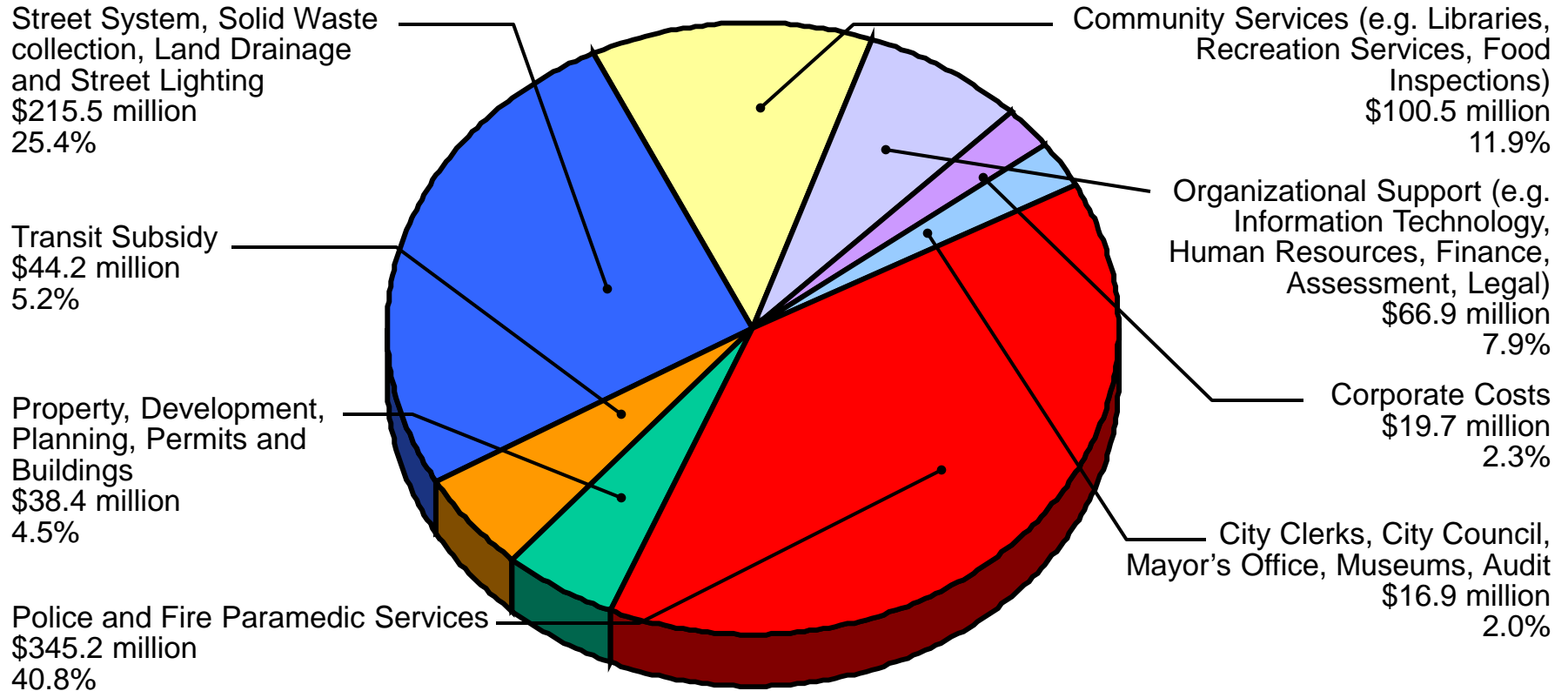


City Government Actions to Improve Quality of Life 2009-2011

Groupings	2009	2010	2011
Crime/Policing	18.1%	30.2%	47.2%
Roads/Infrastructure	32.7%	11.5%	21.8%
Transit	8.1%	11.3%	7.1%
Downtown Renewal	3.5%	6.7%	5.2%
Bicycle & Walking Trails	3.2%	5.7%	3.4%
Poverty	2.2%	1.0%	3.2%
Cleaner City	0.4%	0.6%	1.5%
More things to do	4.8%	0.5%	1.5%
City Beautification	1.2%	0.5%	1.5%
Housing	1.5%	1.0%	1.0%
Taxation	2.8%	2.2%	1.0%
City Planning	1.3%	0.8%	1.0%
Recycling/Environment	0.8%	1.7%	0.7%
Insect Control	0.7%	1.2%	0.5%
Economy	2.5%	2.0%	0.2%
Healthcare	1.2%	0.7%	0%
Other	4.8%	4.8%	3.9%

Source: City of Winnipeg – Financial Planning & Review, Corporate Finance
2011 Survey conducted by Market Dimensions. Margin of Error +/- 4%, 19 times out of 20

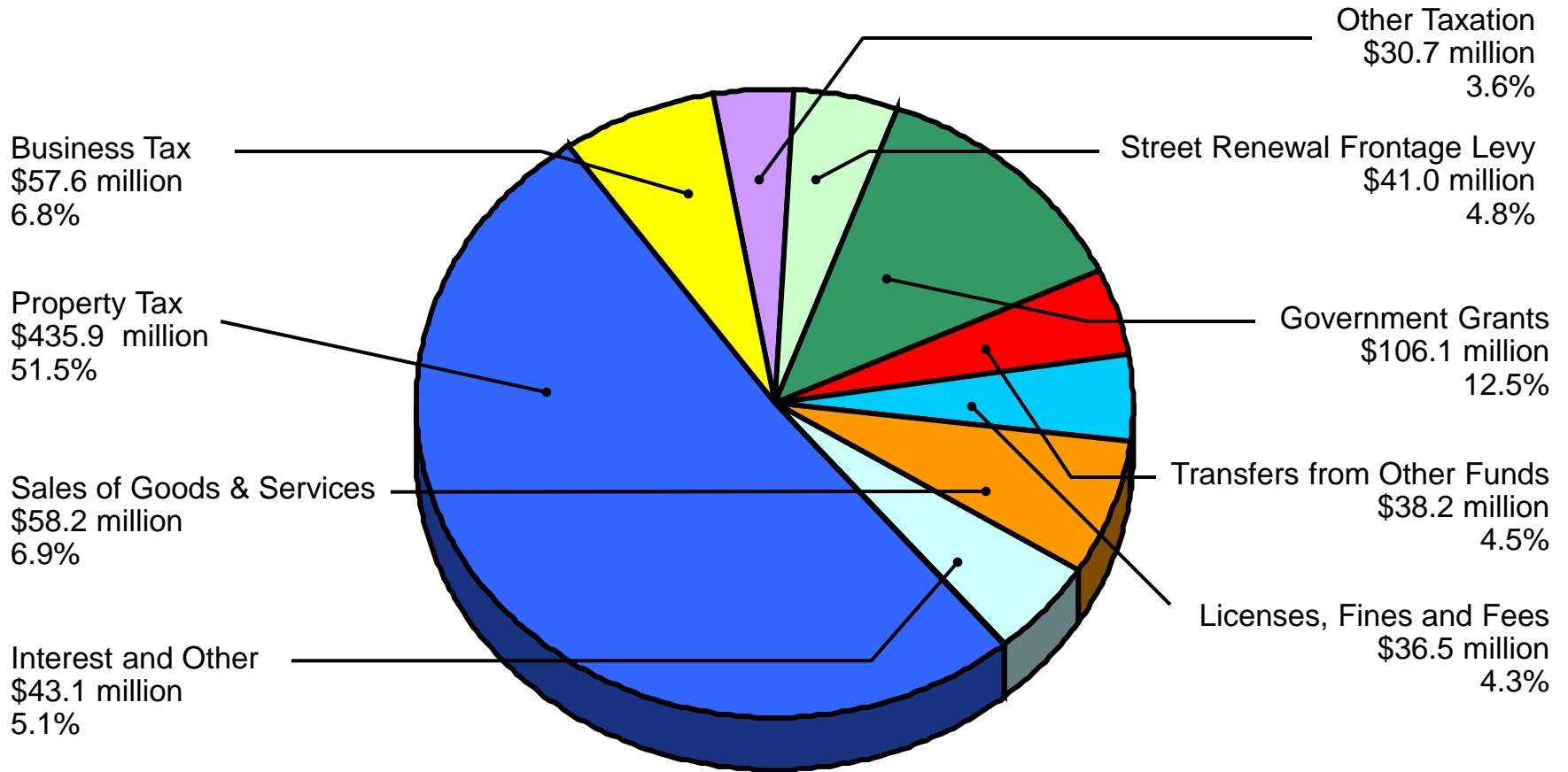
How is the Money Spent in the Operating Budget?



2011 Adopted Operating Budget - \$847.3 million

Tax Supported

Where does the Money Come From in the Operating Budget?



2011 Adopted Operating Budget - \$847.3 million

General Update – Significant Financial Issues

■ Taxation

- Property tax rates reduced or frozen for 14 years
- Business tax rates reduced by 34% (9.75% to 6.39%)

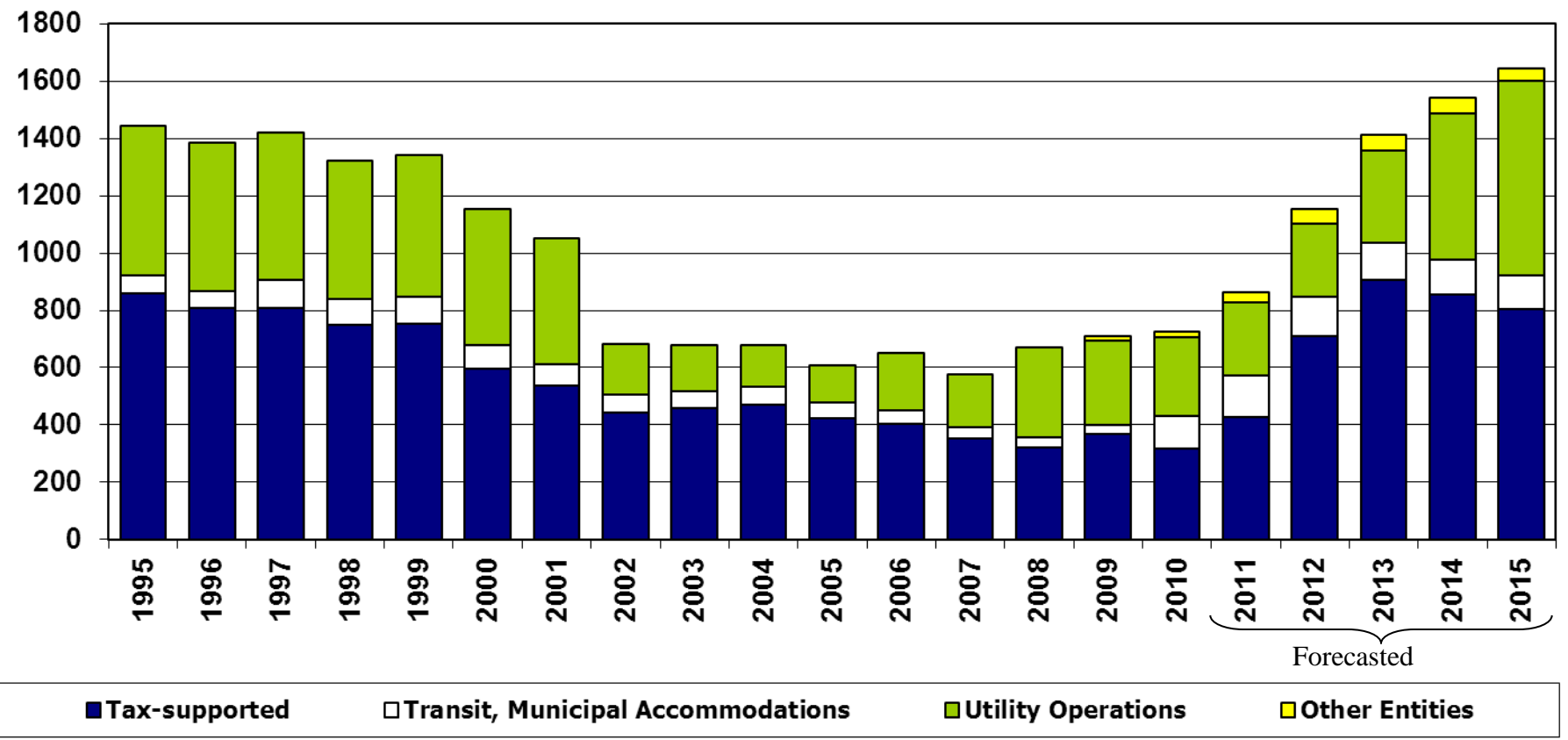
■ Assessment

- 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

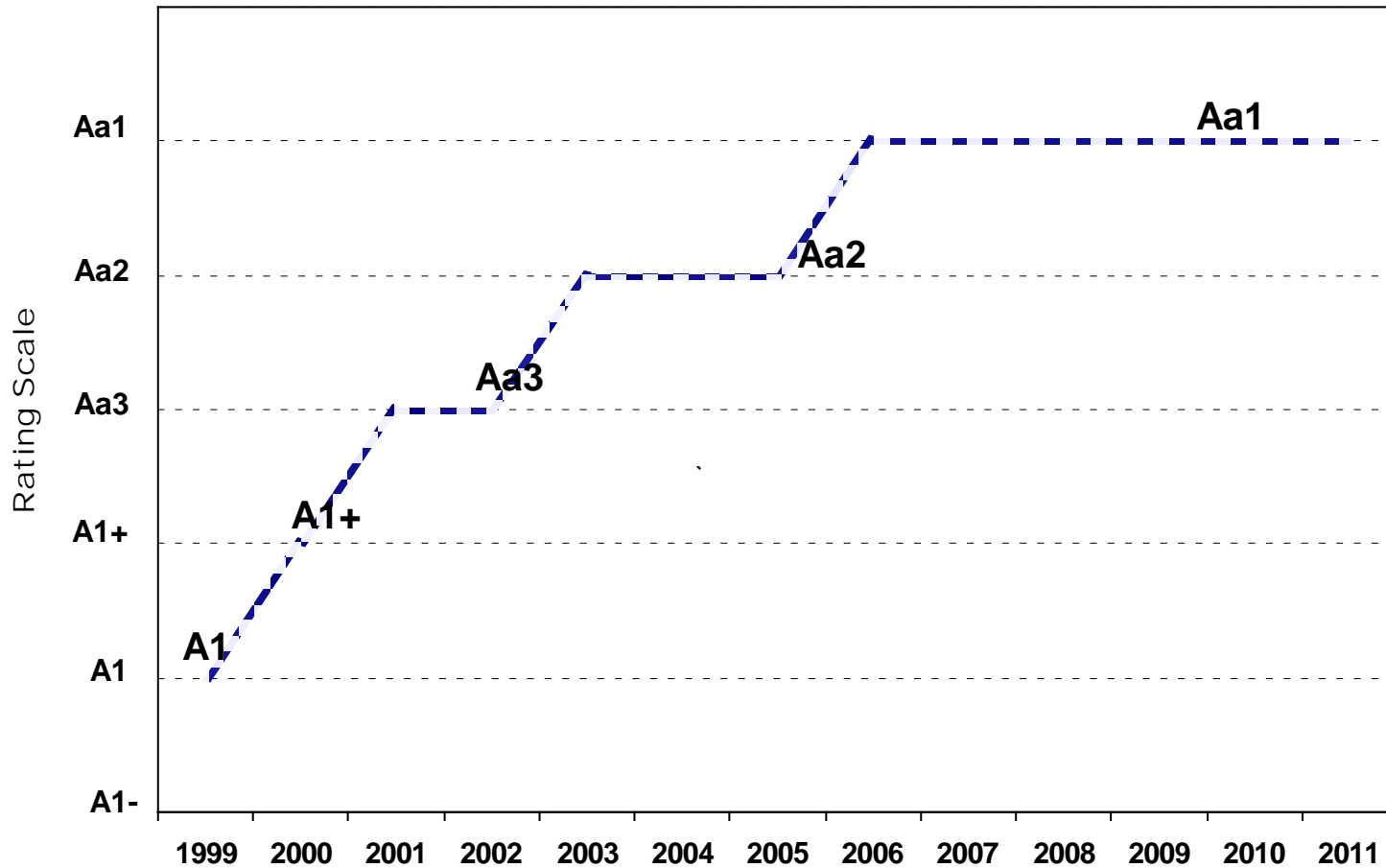
CITY OF WINNIPEG NET DEBT PER CAPITA at December 31st



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



CREDIT RATING



Source Moody's Investors Service

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

- 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
- 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 2012 and 2013 from the 2011 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 2012 operating budget and receives for information the Projections on Financial Plans for 2013 and 2014.

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