

WELCOME

Early Ideas – A New Deal for Winnipeg

This evening ...

- **The Basic City / The Creative City – Mayor Glen Murray**
- **Our Challenges, and the Early ‘New Deal’ Ideas**
- **Your Questions and Suggestions**

Presentation ...

- **Our challenges**
- **Early 'New Deal' ideas**
- **Your questions & suggestions**

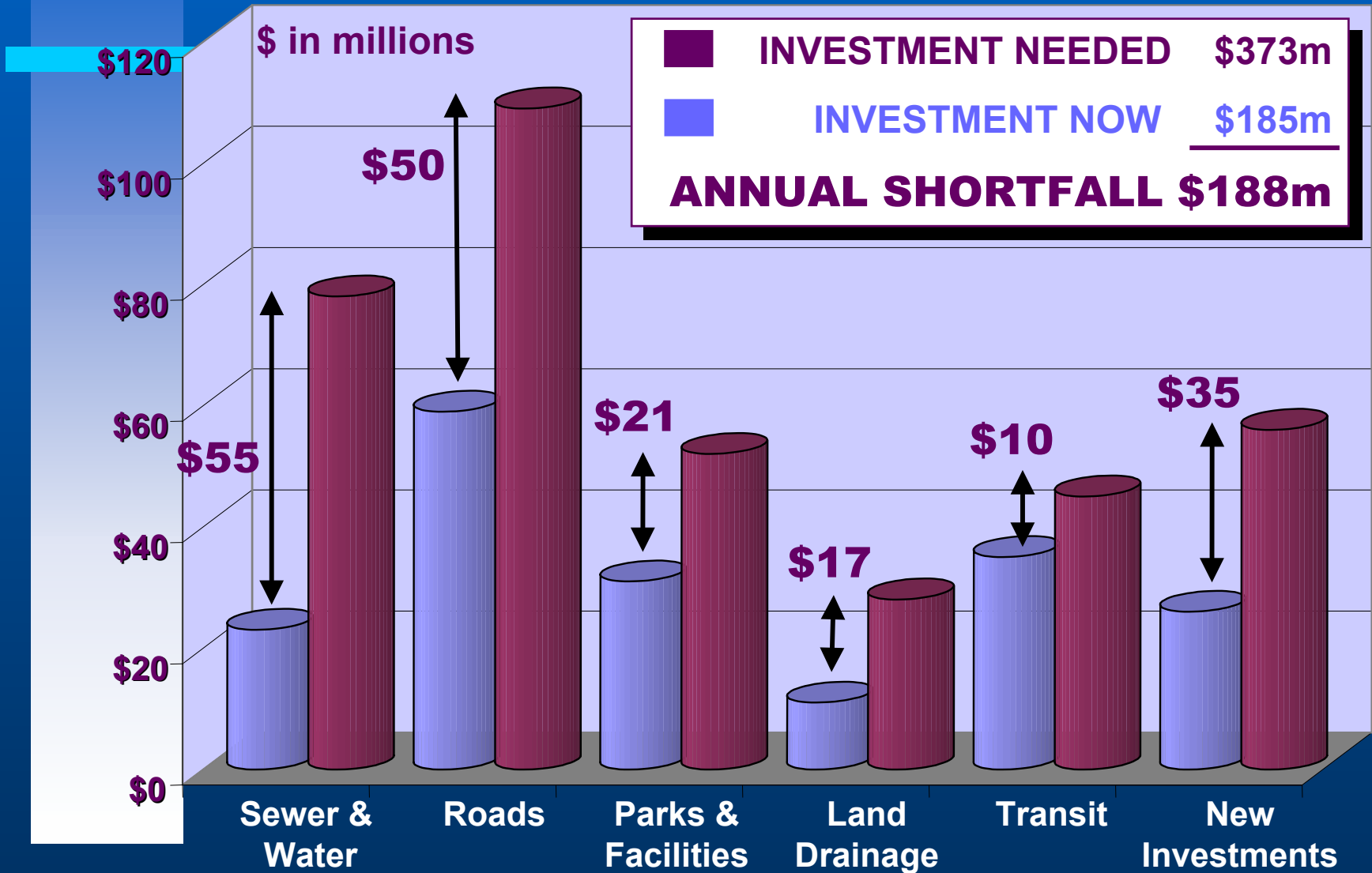
Imagine Winnipeg as ...

- beautiful and innovative
- a city of choice
- an economic hub
- a city rich in arts and culture
- a city with a vibrant downtown and interesting neighbourhoods
- clean and green

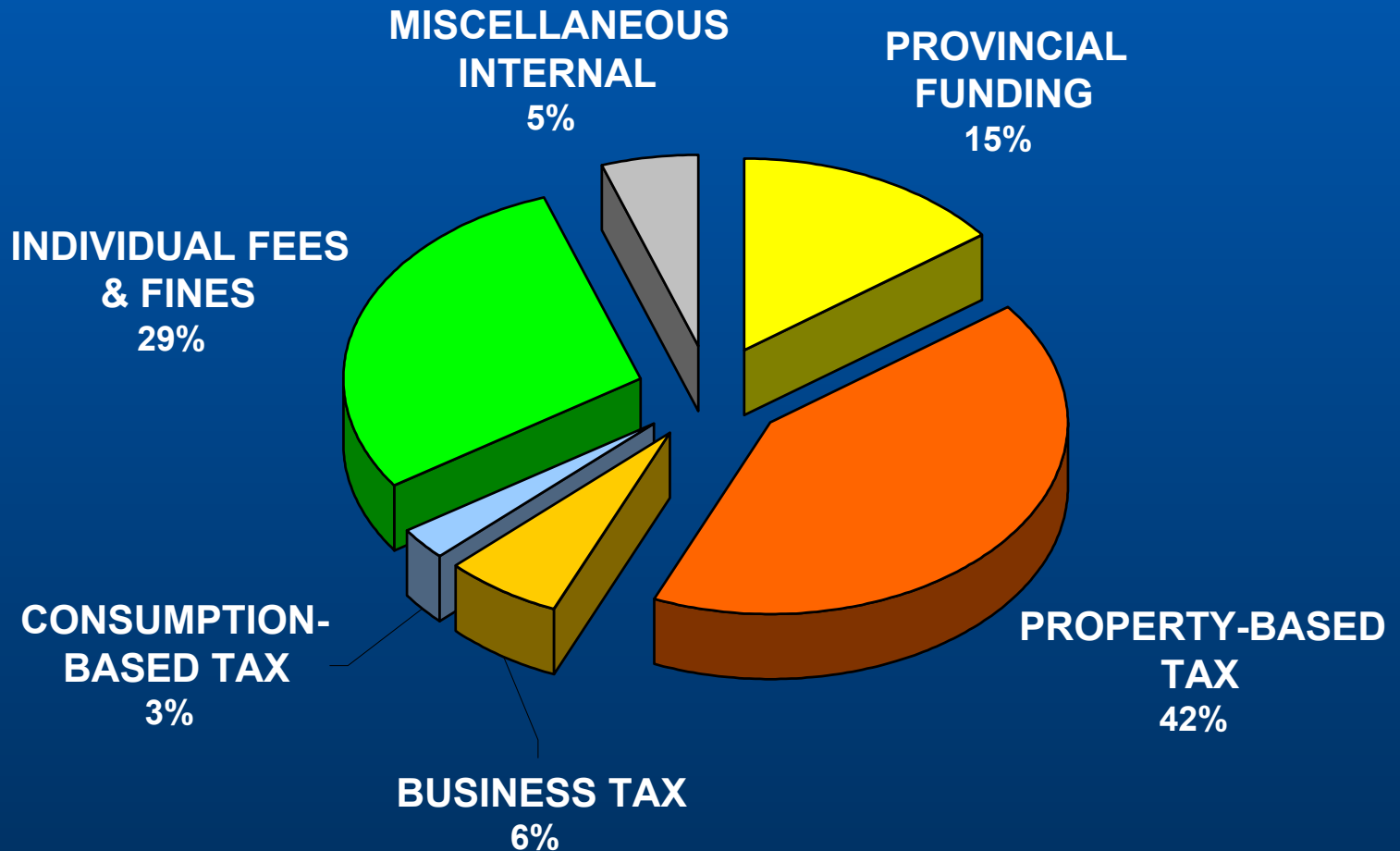
Why does Winnipeg need a New Deal?

- **We need to re-build our city**
- **The City doesn't have revenues that grow**

Infrastructure Gap



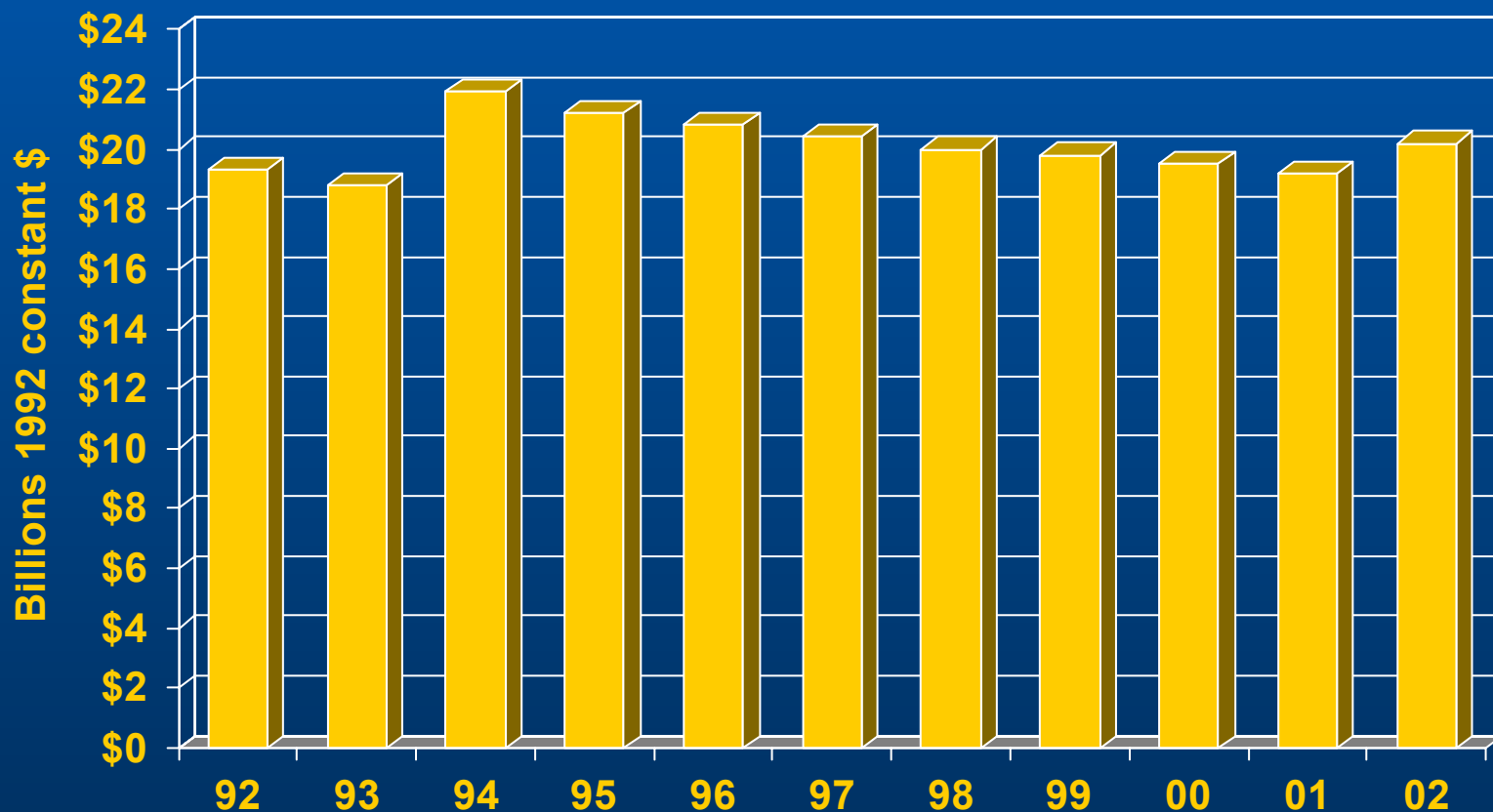
The City relies heavily on property tax



No growth in the City's primary revenue source

Total Assessment (constant \$, inflation factored out)

Historically, no real growth in property values

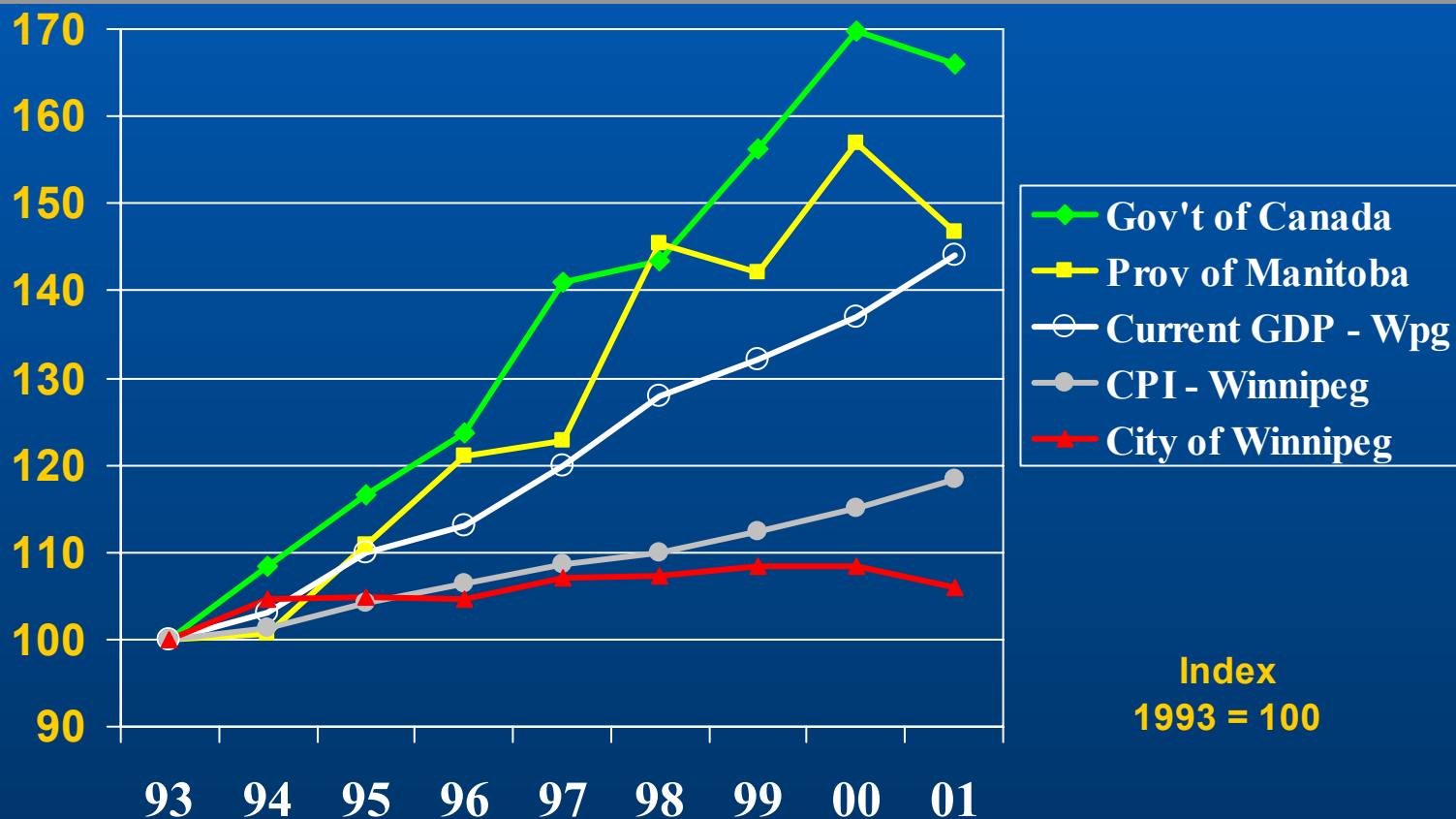


Source: City Annual Financial Reports

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City's Taxation Revenues not Linked to Economy

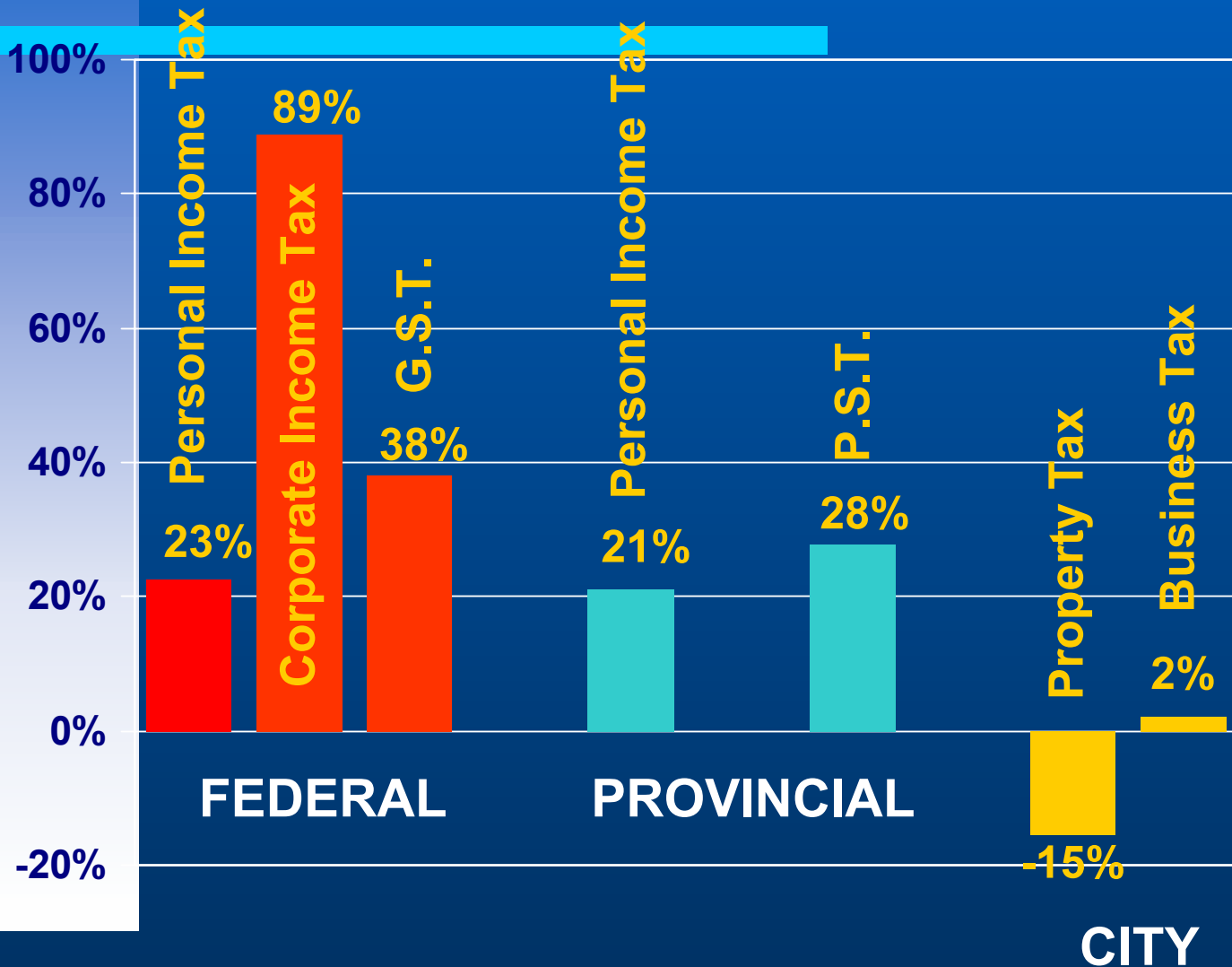
Federal & Provincial Government Taxation Revenues have increased 3 to 4 times above inflation.



Source: Annual Financial Reports

Changes in Taxation Revenue

1994 vs. 2002 (adjusted for inflation)



Economic growth benefits federal and provincial governments more immediately.

City's property tax revenues have declined by 15% since 1994.

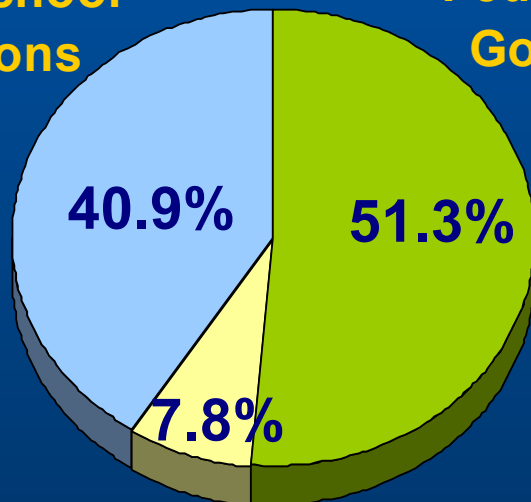
Taxes Paid by Winnipeg Citizens ...

\$6.1 Billion

1997

Provincial
Gov't/School
Divisions

Federal
Gov't



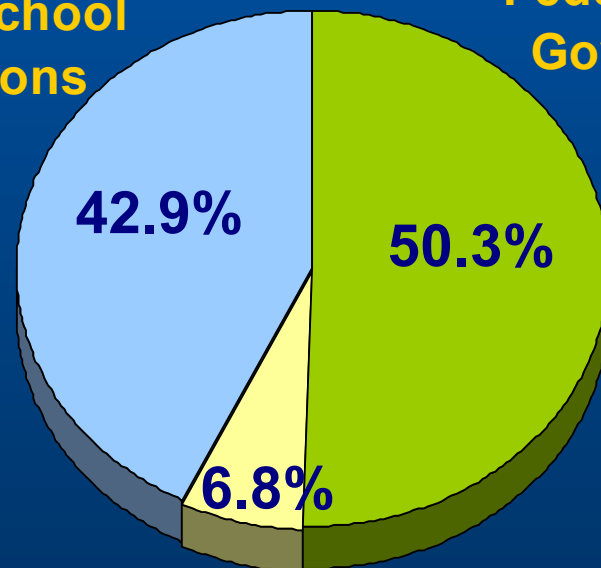
City Gov't

\$7.0 Billion

2001

Provincial
Gov't/School
Divisions

Federal
Gov't



City Gov't

Right now, the City could solve the challenge by ...

- **Spending less ... however**
 - Spending is down 9% since 1994
 - Staff have been reduced by 2,700 since 1990
 - Citizens have said they do not want services cut
- **Borrowing more ...**
- **Raising property taxes ...**

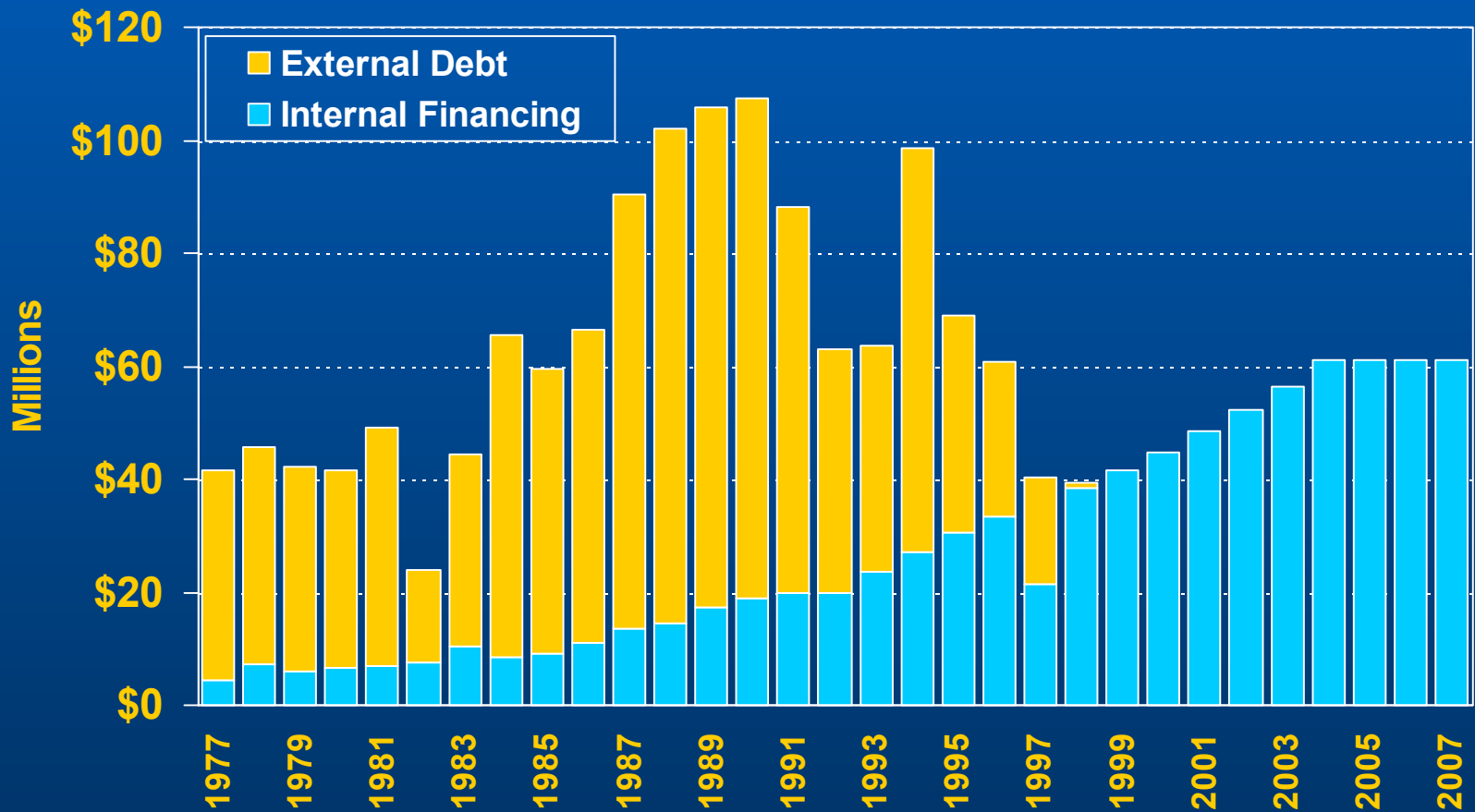
Winnipeg already spends much less on key services

In 2002, on key city services like Police, Fire, Libraries, Parks, Transit, Roads, etc., Edmonton spent 32% more per person (19% more in 1999) and Calgary spent 16% more per person (12% more in 1999) than Winnipeg.

Right now, the City could solve the challenge by ...

- **Borrowing more ... however**
 - We are still paying for past borrowing
- **Raising property taxes ...**

A lot of debt was incurred in the late 1980's & early 1990's



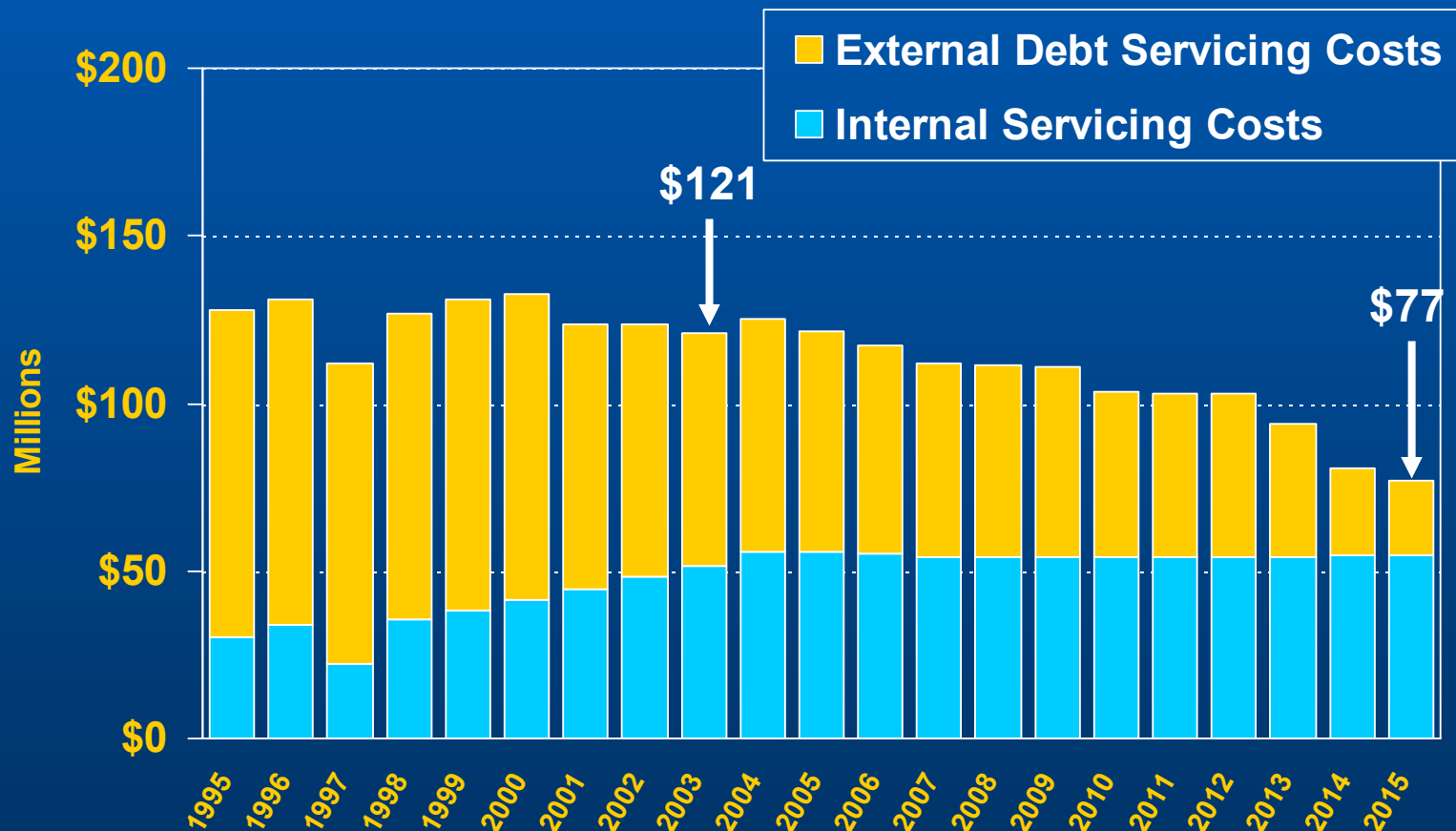
1977-2002 Adopted Budgets; 2003-2007 Capital Forecast

1994 includes the Canada/Manitoba/Winnipeg Infrastructure Program

Excludes interim financing

We are still paying that debt off

Tax-supported debt servicing costs



Based on the 2002 Adopted Capital Budget and the 2003 – 2007 Five-Year Capital Forecast.

Excludes Utilities and Full Cost Recovery Operations

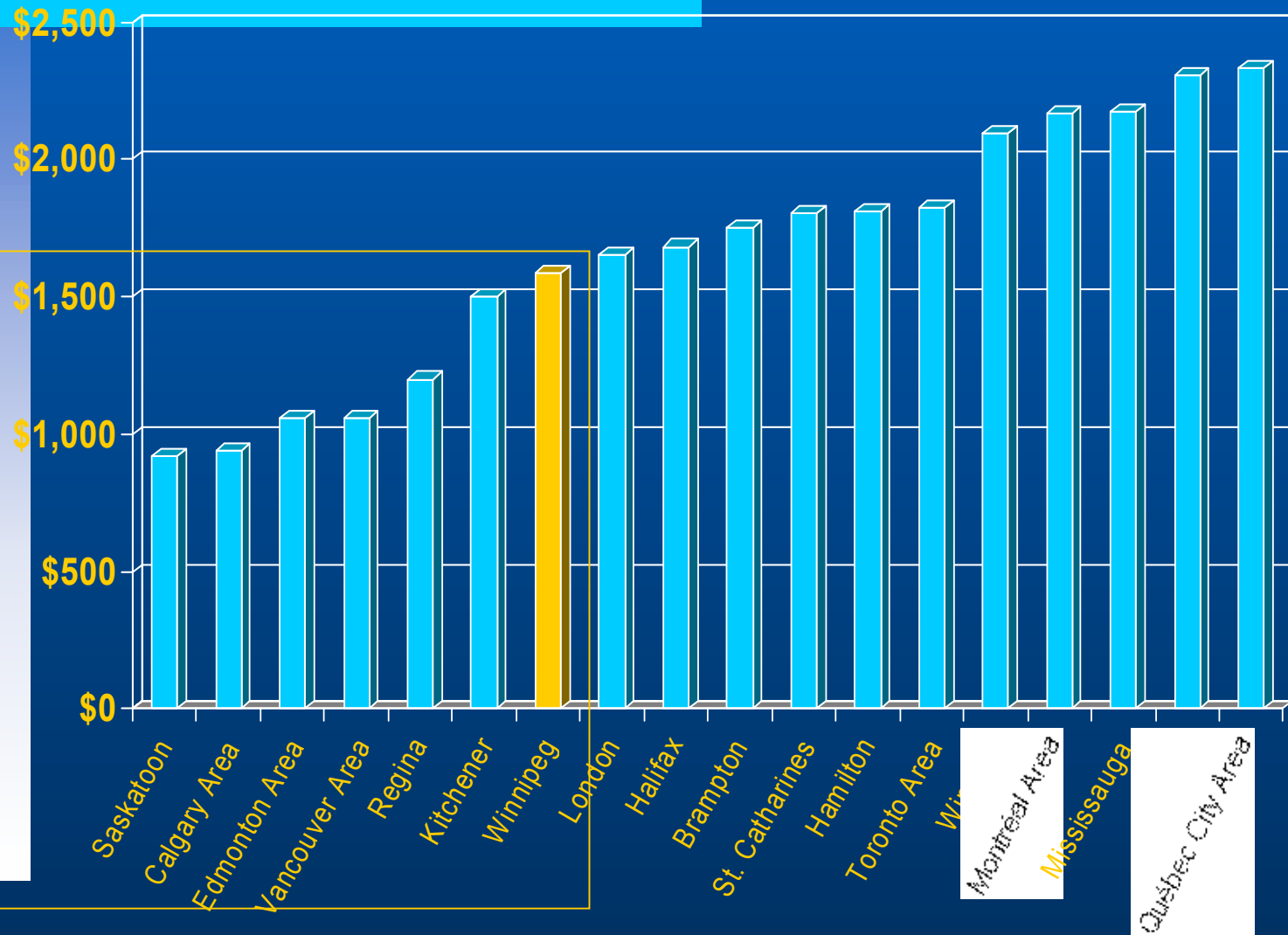
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Right now, the City could solve the challenge by ...

- **Raising Property Taxes ... however**
 - Winnipeg's property taxes are still high
 - Property taxes need to remain competitive
 - Citizens do not want property taxes increased

Municipal Property Tax Competitiveness

Bungalow – 1,200 sq ft, 3 bedroom

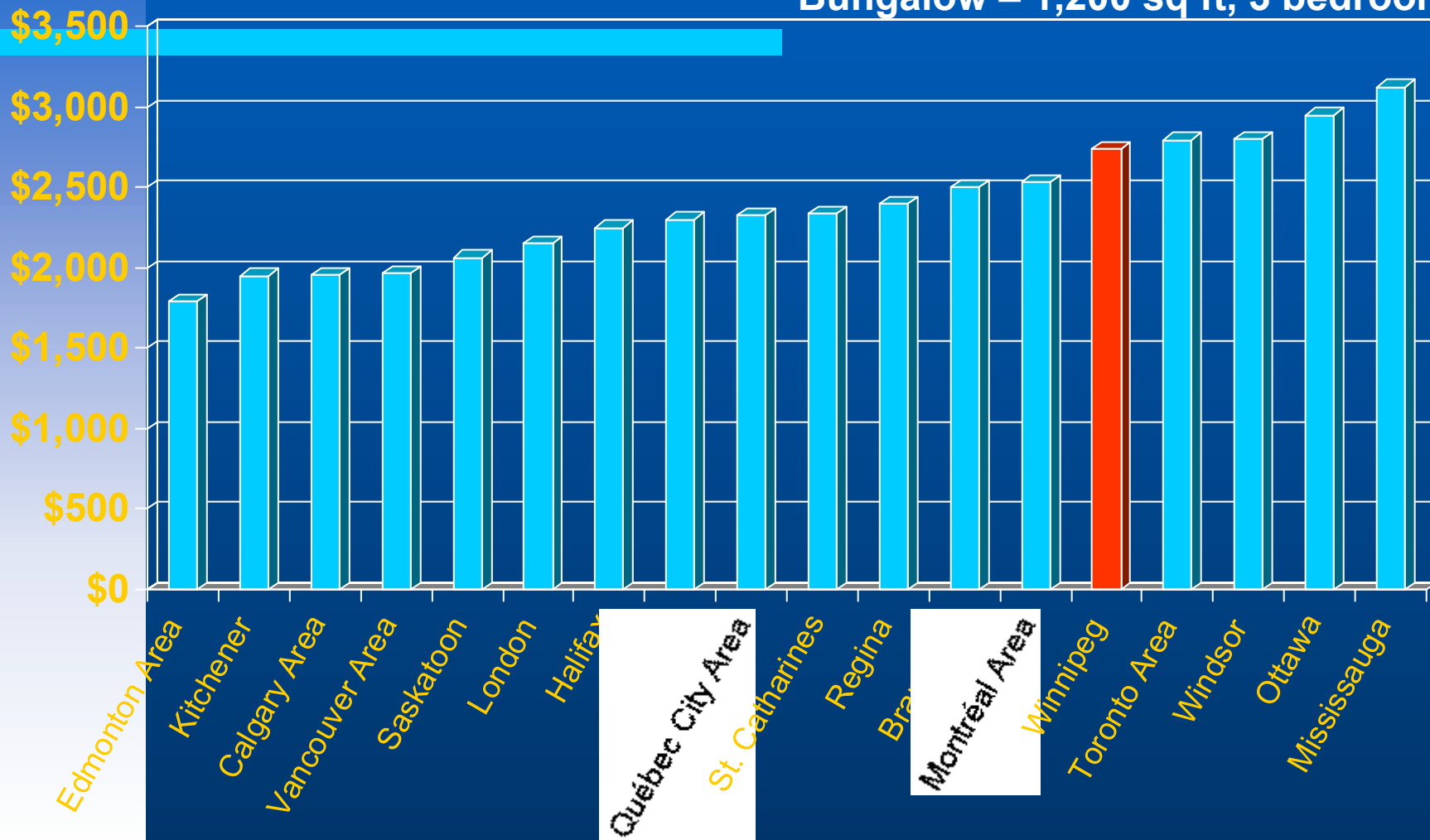


Source: Derived from Royal LePage's Survey of Canadian House Prices, Jul-Sep 2001

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Total Property Tax Competitiveness

Bungalow – 1,200 sq ft, 3 bedroom



Source: City of Winnipeg, CAO Secretariat

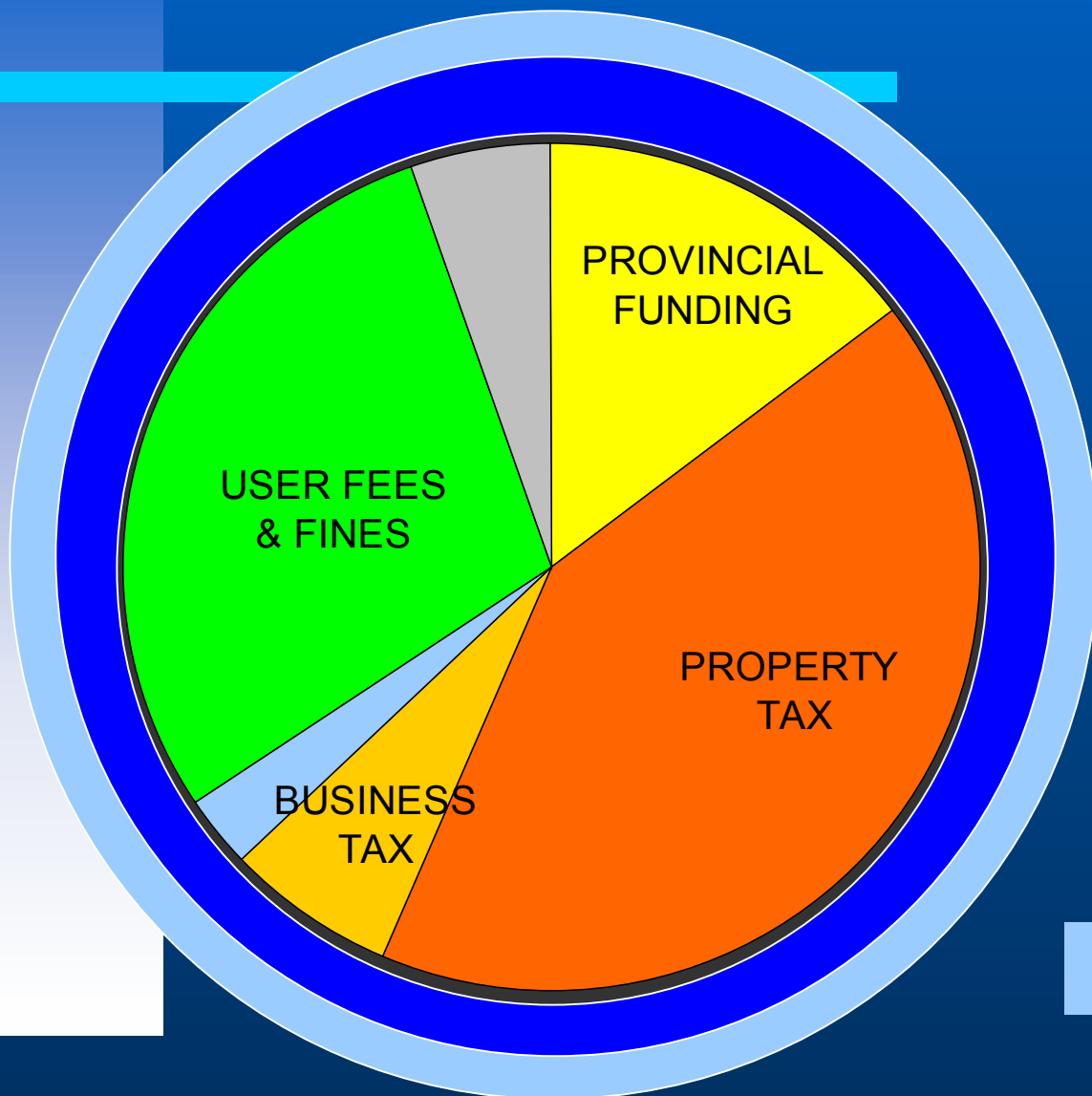
Derived from Royal LePage's Survey of Canadian House Prices, Jul-Sep 2001

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The Dominion Bond Rating Service sums it up ...

**...Despite the progress made in recent years,
the City of Winnipeg still faces challenges ...
the city must find alternative sources of
revenue to reduce its dependence on
(property) tax revenues and manage financial
pressures related to the important
expenditures required to rehabilitate its
infrastructure ...**

The Challenge



If the City were to fund the
\$203 M outlined below,
we would require:

A 21% increase from each
of our existing sources of
revenues,

Or an increase to
Property taxes of 54% !

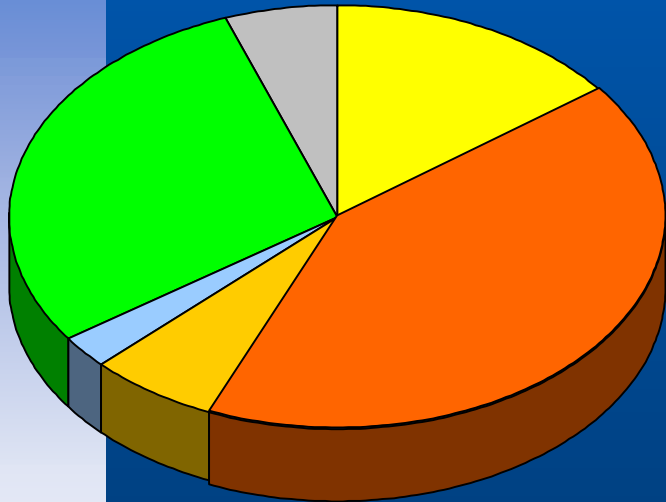
Inflation at 2% = \$15M

Infrastructure maintenance &
renewal backlog = \$153 M

Strategic investment
(roads and rapid transit) = \$35 m

What should the City's revenue pie look like?

Winnipeg Now



Winnipeg New Deal



Figuring out what a 'New Deal' could be is a HUGE challenge!

Any 'New Deal' must ...

- Balance the interests of ALL Winnipeggers
- Consider the issues faced by the Province and other municipalities
- Help create a vibrant community

All of Canada is interested in what a 'New Deal' could be!

Over the past 2-3 years a lot of studies
have concluded:

**“Cities are vitally important to Canada
and in the new global world. Cities
need a new deal.”**

But no one has figured out what a 'New
Deal' could be.

The approach we used for our early 'New Deal' ideas

- Looked at our budget by service
- Reviewed how each service is paid for now
- Asked: How should each service be paid for?

For example ...

Police Response:

NOW

COST (millions)	User Fees	Fines	Grants	General	City Sales Tax	Liquor Tax	Phone Fee	Land Transfer Tax
\$121.6	3%	3%	3%	91%				

Service Funding Principles

Equity

Economy

Environment

Ease of Administration

Efficiency

Accountability

Transparency

Harmony

Reliability

Diversification

Example:

Police Response:

NOW

NEW

COST	User Fees	Fines	Grants	General	City Sales Tax	Liquor Tax	Phone Fee	
\$121.6	3%	3%	3%	91%				100%
\$121.6	3%	3%	50%		27%	13%	4%	100%

Less reliance on property tax & grants

Growth revenue from residents and non-residents

Revenue to help fund alcohol-related incidents

Revenue to help fund 9-1-1 emergency dispatch cost

Example:

Road Construction & Maintenance:

	Cost	Grants	Frontage Levies	General	Fuel Tax	City Sales Tax	
NOW	\$107.7	17%	1%	82%			100%
NEW	\$143.9		26%		52%	22%	100%

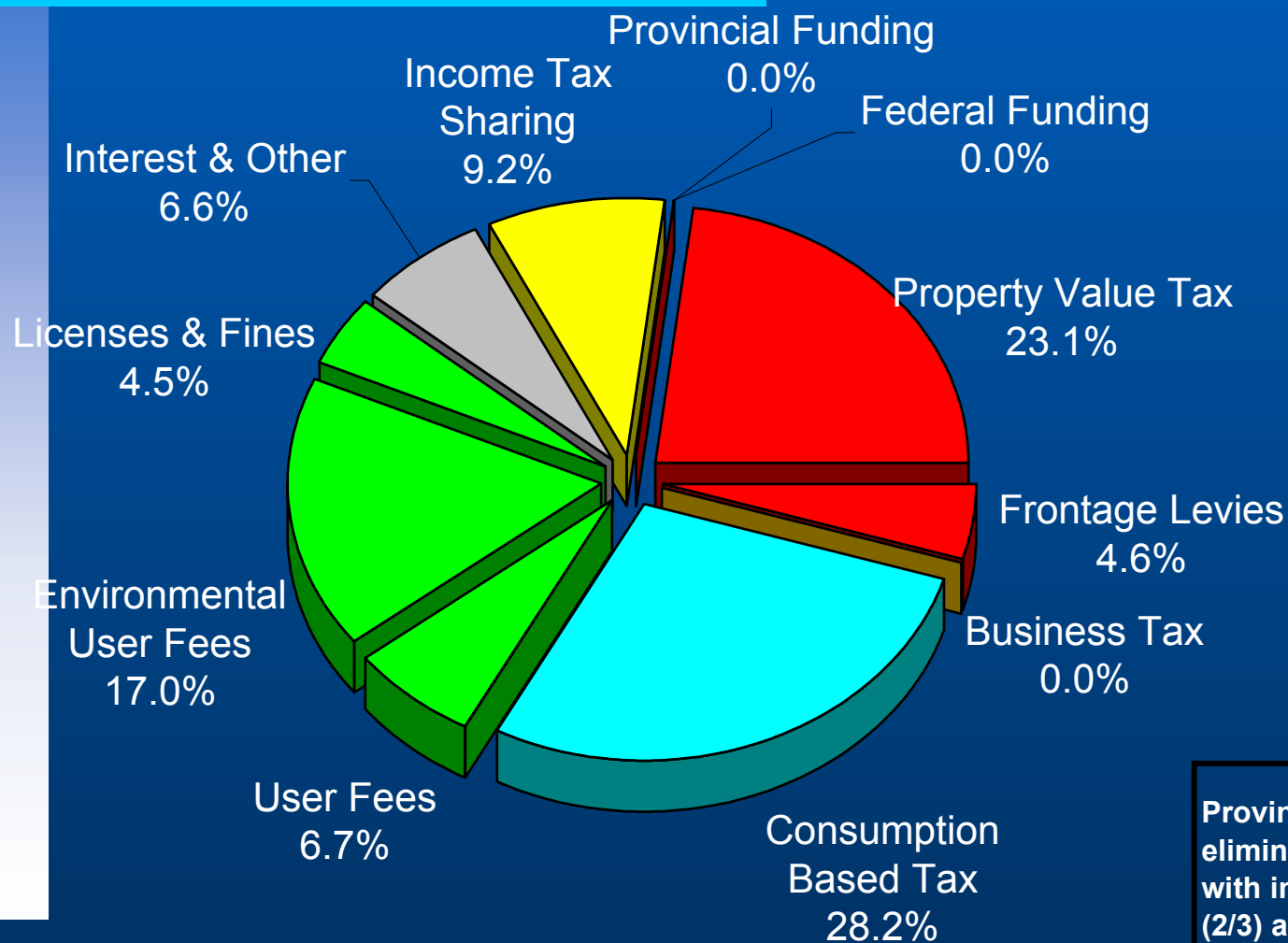
Frontage levy supports residential roads

No tax on property value

Road users pay for roads; tax relates directly to cost

Residents AND non-residents pay for regional roads

The City's future revenue pie?



Provincial Grants eliminated and replaced with income tax sharing (2/3) and sales tax (1/3).

Early Ideas on a 'New Deal' Package

PROPERTY TAXES

"NEW DEAL" goals ...

- promote home improvements
- improve property tax competitiveness
- pay for property related services with property taxes

- Use frontage levies where costs relate to frontage not property value e.g residential street renewal
- Shift to land-based tax to promote a more compact City over time and reduce the infrastructure cost burden for future generations

- Demonstrate 'open for business'

What this could mean ...

- **50% less municipal property value tax**

(on a \$93,000 home city taxes go from \$1,243 to \$641/year)

- **Frontage levies increased from \$2.55 to approx. \$5.00 per foot**

(on a 48 foot lot, frontage fees go from \$122 to \$240/year)

- **Elimination of the business tax**

Early Ideas on a 'New Deal' Package

USER FEES & FINES

"NEW DEAL" goals ...

- Reduce green house gas emissions by promoting and investing in transit
- Promote recycling, reduce waste and cover the costs of garbage collection
- Upgrade the sewer system to help clean the river
- Increase penalty for traffic law & building code violations; cover the cost of enforcement services
- Ensure access to recreation
- Support 9-1-1 service cost

What this could mean ...

- **50% LOWER Transit Fares**
- **Garbage Fee (per bag)**
(approx. \$100 per year based on 2 bags per week)
- **Sewer Rates increased**
(on quarterly bill of \$150, increase from \$600/year to \$669/year ** under review)
- **Enforcement fines increased**
- **Recreation fees frozen**
- **Phone Fee (per line)**

Early Ideas on a 'New Deal' Package

CONSUMPTION TAXES

"NEW DEAL" goals ...

- Broaden the tax base to include all those who benefit from City services
- Give the City a direct return on economic activity
- Promote spending choices

- Encourage shift to environmentally friendly transportation alternatives
- Ask those who use the road (commuters and residents) to contribute directly to maintenance
- Target \$ to help pay for regional roads and transit infrastructure deficit

What this could mean ...

CITY SALES TAX

- 1% new tax on purchases applied like the PST

FUEL TAX

- 5 cents per litre from existing Federal tax
- 5 cents per litre **NEW** at the pump

(10 cents per litre to Winnipeg's transportation system)

Early Ideas on a 'New Deal' Package

CONSUMPTION TAXES

"NEW DEAL" goals ...

- Encourage efficient use of limited natural resources
- Target \$ to help fund environmentally-friendly services like Transit, Public building retrofits and parks

- Liquor tax to help support police response
- Hotel tax to help support tourism and convention development, give the City a vested interest in having full hotels and ask tourists to also invest in our city

What this could mean ...

NATURAL GAS & ELECTRICITY TAX

- **7% on all consumption**
(currently 2.5% - 5% on non-heating consumption only)
- **Tax on monthly bill of \$175**
increases from \$34 to \$131 per year

LIQUOR TAX (7%)

HOTEL TAX

Early Ideas on a 'New Deal' Package

PROVINCIAL FUNDING

"NEW DEAL" goals ...

- **End dependence on Provincial grants**
- **Capture growth revenues**
- **Full accountability for the taxes used to pay for services we provide**
- **Cost neutral for Province**

What this could mean ...

- **½% PST and a portion of income tax paid by Winnipeggers would flow directly to fund city services**
- **It will be clearer to citizens where tax money is going, and what services are provided in return**

The 'New Deal' could =

TAX SHIFTS

+

NEW \$

•AWAY FROM PROPERTY VALUE TAXES

•TO INVEST IN WINNIPEG

- To support investment in homes
- To promote a compact city with less infrastructure demands over time
- To promote transit use (↓ emissions) and to ask those who use the roads to pay for them
- To use taxes on natural resources and fees on garbage to support environmentally friendly services (parks, transit, ...)
- To give the City a vested interest in economic growth (growth economy/growth revenues)
- To ask commuters and visitors to also invest in our city
- To support citizen 'choice' and a link between our tax system and the quality of life citizens want

Early Ideas on a “New Deal” Package

We think we could do this . . .

	<u>OLD</u>	<u>NEW</u>
Property Tax		
(Residential)	\$241m	\$121m
Property Tax		
(Non-residential)	\$134m	\$130m
Business Tax	\$62m	\$0m
Provincial Funding	\$143m	\$0m
User Fees	\$93m	\$73m
General Funding	\$59m	\$63m
Amusement Tax	\$3m	\$0m
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	\$735m	\$387m

Total Reduction

\$348m

IF, we could also do this . . .

City Sales Tax	\$127m
City Fuel Tax	\$99m
Income Tax Sharing	\$99m
Frontage Levies	\$25m
Natural Gas & Electricity Tax	\$41m
Environmental Fees	\$37m
Enforcement Fines	\$16m
City Liquor Tax	\$16m
911 Telephone Fee	\$5m
City Hotel Tax	\$3m
	<hr/>

“New Deal” Revenue

\$468m

Net New Investment Funding = \$120m

\$120 Million New \$ to invest in Winnipeg

Who pays?

Net New Funding

\$120m

Paid already (fuel tax transferred from Federal Government but now targeted to Winnipeg's infrastructure)

- \$50m

\$70m

\$10m

**Paid by
commuters
& visitors**

\$20m

**Paid by
businesses**

\$40m

**Paid by
residents**

What a 'New Deal' could mean for Winnipeg ...

**A CITY OF CHOICE for families, businesses,
and a talented, creative workforce ...**

- **Streets, parks, pools, etc. that look new again**
- **Libraries, recreation and arts and culture services linked to growth revenues**
- **Homes upgraded**
- **Smart development and less infrastructure costs over time**
- **Environmentally-friendly transportation that people will use**
- **Strategic investments that "separate us from the pack"**
- **Reinvesting new economic returns on attractions and events**

We want to hear your thoughts on these *early* ideas ...

What is your vision for Winnipeg?

**What would you change? What would
you do instead?**

What did you see that you liked?

For More Information ...

**e-Town Hall on Tuesday,
October 14th 7 to 9 p.m.
www.winnipeg.ca/newdeal**

**Next Town Hall Meeting
Wednesday, October 15th, 7 to 9 p.m.
Fort Rouge Leisure Centre**