



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES - MANITOBA

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Taking Back the City: The Winnipeg 2014 Alternative Municipal Budget

As Winnipeggers come out of an unusually punishing winter, the sun seems to be stimulating more than the usual spring activities. There is a feeling that our city is poised to embrace a change; that politicians will be forced to finally adopt some rational policies to move Winnipeg into the ranks of a modern city. Maybe the frozen pipes, water main breaks, a bus system that struggled to meet the needs of passengers and the worst potholes ever will serve to finally hold decision makers responsible for our infrastructure problems.

It's time to take back our city

The Alternative Municipal Budget (AMB) – in collaboration with a variety of community researchers - provides a comprehensive plan to do just that. The AMB will stimulate debate leading up to this year's municipal election by explaining to voters why our city does not have the resources to deal with the problems it faces: the infrastructure deficit; the inadequate public transit system; the numbing poverty and lack of opportunity for so many of our citizens. It reanimates the spirit of *Our Winnipeg*, the City's extensive consultation report which expressed so many hopes and dreams, only to be abandoned.

The AMB inspires Winnipeggers by supporting our arts community and providing access to green areas, parks and recreation. It explains how to attract and keep employers who create high value-added jobs in the high-tech and innovation

sector, thereby stimulating our economy. In short, it shows how Winnipeg can realize its potential as a dynamic, just and appealing city.

It challenges citizens, incumbents, and those running for office to do better, to embrace policies that grow our economy in a green way, and so that opportunity is shared by all. It challenges the predominant urban-sprawl mentality and offers policies to increase density, green the city and reduce inequality. One of the greatest challenges in the AMB is dealing with our infrastructure woes.

Drastic times call for drastic measures

The section on the Capital Budget explains that according to the City's own 2009 administrative report, just to maintain our existing infrastructure at its current (inadequate) level required an additional \$2.1 billion to be spent over the next 10 years. In order to bring existing infrastructure up to acceptable levels required another \$1.7 billion (all figures in 2009 dollars). These figures to do not include spending on new infrastructure, pegged at \$3.6 billion investment.

Our analysis of the City's 2014 capital budget shows that the City's response is not adequate to meet the challenges outlined in the 2009 report. This year's spending only deals with 11 per cent of the total infrastructure deficit. In order to take back control over our

there is an alternative.

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infrastructure and prevent costs from increasing even more, we need to adopt two broad strategies: first, we need to stop expanding our infrastructure - by curbing urban sprawl and road expansion; and second, we need to increase per capita capital spending up to a seven-city average of \$1078 (Edmonton, Calgary, Saskatoon, Regina, Hamilton Toronto and Ottawa). Meeting this benchmark would require a \$553 per capita increase in spending and would allow the city to raise \$400 million via sinking fund debentures. Using an annual interest rate of 6.65 per cent and a forty-year amortization period, borrowing this money will cost the City \$28.6 million/year.

In order to pay for this investment, the AMB raises property taxes by 6 per cent – 3.05 per cent more than the City's 2.95 per cent hike. High as the price tag is, there are strong arguments for making the investment now:

- The longer we ignore our infrastructure, the more it will deteriorate and the more it will cost to fix.
- Interest rates are historical lows so it makes sense to borrow now. Furthermore, the City can borrow money at a lower interest rate than the private sector, so it should maintain control over borrowing and spending, thereby ensuring that public assets remain in public hands.
- Net cost to City of the AMB recommendation [borrowing costs – (construction inflation + additional deterioration costs)] would be low – in the order of 1 per cent.
- Winnipeg has the third lowest property taxes + utility charges out of 15 major Canadian cities.
- The 14-year tax freeze prior to 2013 meant that property taxes have declined as a percentage of total revenue. In fact, in inflation-adjusted terms property tax revenue is lower than it was in 2001.

Difficult as it is, Winnipeggers understand that tax increases are necessary. This is especially true if we are to deal with other

key spending areas.

A city is more than infrastructure

Our property taxes are the fifth lowest of the 15 major Canadian cities and have only increased one per cent between 1999 and 2013. Other Western Canadian cities' taxes went up between 40 to 68 per cent in the same period. The consequence of this short-sightedness is that Winnipeg is falling behind other cities in waste management, recreation, low-income housing, urban densification, food security policy, innovative policing initiatives and green space management. The AMB offers policy suggestions and increases spending in these categories.

The revenue required to deal with these issues is raised through a suburban parking stall tax, a growth development charge, and an inclusionary zoning opt-out fee. These charges also force us to deal with the negative consequences of urban sprawl and car dependency. Increases in the billboard tax raise money for spending in the arts community and part of our capital spending improves recreational infrastructure and the North End Waste Water Treatment Plant. In total, operating expenses and revenues in the AMB are \$59 million more than the City's. The AMB also transfers spending from road expansion to improvements in Transit and Active Transportation.

Finally, the AMB recommends that we keep our public assets and services public. Too much outsourcing gives the city away: 'insourcing' takes back control. Accordingly, the AMB recommends a study to determine if the City could save money and improve service by bringing snow removal back in house, and it begins to reverse the \$14 million 'saving' in vacancy management so that the civil service has the resources to do its job: look after the needs of Winnipeggers.

The 2014 AMB shows how to grow our economy to meet those challenges. It educates, challenges and inspires Winnipeggers to take back our city.

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