



MANITOBA HEAVY CONSTRUCTION ASSOCIATION (MHCA)
Unit #3-1680 Ellice Avenue, Winnipeg, Manitoba, R3H 0Z2

December 15, 2021

To: **City Council**

From: Chris Lorenc, B.A., LL.B.,
President Manitoba Heavy Construction Association (MHCA)

Subject: **2022 Preliminary Operating & Capital Budgets**

INTRODUCTION

Madam Speaker, Mr. Mayor and Councillors. I thank you for the opportunity to present today and more importantly, for the hard work that went into developing a budget document for Council's final consideration.

Budgets are the most difficult of documents to prepare. They never perfectly address all of the emerging and growing needs faced by in this case civic government. They by their nature are charged with political debate and disquiet, fraught with frustration, and disappointment that local ward or broad civic areas of policy did not receive the desired attention.

They are often accepted as a collective of the best options available. They are in many respects a snapshot of what in this case Council can do and enable to be done.

They are both a fiscal and political policy instrument and key to helping shape indispensable immediate and long-term intergovernmental relations.

Budgets are public policy enablers, each inextricably linked together. They are therefore, fundamental to laying the groundwork for the city's future.

What you have before you is not perfect. But *perfection is the enemy of better*. What you have before you is certainly 'deserving of your favorable consideration.

Mindful of the above, I have sent for you electronically our budget views and recommendations. I do not propose to read our Council submission, nor repeat it in its entirety.

I do wish to focus on the planning side of our recommendations. They don't add cost, rather, they enable informed policy and budget decisions going forward.

CONTEXT

To context our presentation, we restate that the MHCA's long-standing approach to budget structure is based on two foundational pillars:

- **The first**, is a focus on growing the economy to enable revenue growth, with which to address ever growing and changing service demands; and
- **The second**, is a budget that is socially progressive and environmentally responsible.

SUPPORT

Based upon what we have seen, read and heard, the MHCA supports:

- The Preliminary 2022 Operating & Capital Budget

- We support the four-year Operating Budget Plan and recommend Council stay the course; and
- Relying on the public assurances from the Mayor, Chair of Finance, and the budget document itself that this is a one-time occurrence:
 - The MHCA can support the one-time re-allocation of revenues from the 2% dedicated tax increase (\$12.6 million - dedicated to local and regional streets) to the City's Operating Budget, to offset a significant drop in revenues, primarily from transit, recreation, and parking.¹

RECOMMENDATIONS

The MHCA offers planning recommendations which help grow the economy, expand access to revenues, preserve existing assets, invest in new assets, speak to intergovernmental relations, and address social and environmental areas of responsibility, under the following four categories:

1. FOCUS ON GROWING THE ECONOMY

- Focus on a strategic infrastructure investment plan to grow the economy, to leverage its returns to support operating revenues for critical services and programs; and
- Work with the Winnipeg Metropolitan Region (WMR) and Manitoba to implement a Capital Region economic growth plan²
 - *Is there anyone in this Chamber who disagrees with the enabling link between economic growth and fiscal and policy flexibility?*

2. PRESS FOR SUCCESSOR AGREEMENTS WITH SENIOR LEVELS OF GOVERNMENT

- Press the provincial government to enter into a '**new fiscal deal**' with municipalities; and
- **Press Ottawa and Manitoba for a successor plan to the accelerated regional road program** (currently ending 2023).³
 - *Is there anyone in this Chamber who disagrees that a new fiscal deal, between the province and its municipalities is long overdue **OR** that Manitoba and Ottawa clearly have a role in helping fund the transportation system upon which our trade reliant economy is based?*

3. DEVELOP A DETAILED STRATEGIC INFRASTRUCTURE PLAN

- **Task a stakeholder group** resourced by the Office of Economic Development & Growth, and Public Works, to recommend a detailed **Strategic Infrastructure Plan**⁴ addressing at minimum:
 - Targeted, strategic goals, *including mode shift, induced demand, and inverted mobility considerations.*
 - Identify where growth will occur and link those with infrastructure investments to grow Winnipeg's tax base.
 - *Define an appropriate "level of service" that the system should be designed to provide.*
 - *Prioritize projects that will provide the best ROI to GDP.*
 - *Identify potential external funding source; and*
 - *An Implementation strategy.*

¹ The reallocation is being recovered by an equal allocation of \$12.6 million from the federal gas-tax program. The rationale for the switch is that the federal gas tax funding cannot be used for Operating Budget purposes.

² It is trite to say but important enough to repeat, that without a growing economy, generating new revenues to governments, none of the quality-of-life programs we aspire to maintain, enhance or create, can be funded.

³ All municipalities including our city are dependent on meaningful, fair and balanced roles and responsibilities with accompanying access to revenues; and appropriate partnered investment in core infrastructure that reflects the fact provincial and federal governments have greater ability to raise revenues and are primary ROI beneficiaries.

⁴ See also attached *City needs a real, detailed infrastructure plan*, by Lanny McInnes, President and CEO of the Manitoba Home Builders' Association and the managing director of the Urban Development Institute of Manitoba, *Winnipeg Free Press*, October 22, 2021.

4. UPDATE FULL TRANSPORTATION SYSTEM CONDITION, NEEDS AND SUSTAINABLE FUNDING MODEL

- **Task Public Works** to recommend for the 2022-2023 budget deliberations:
 - **An updated assessment** of the condition and needs of local and regional streets, AT including bicycle lanes and dedicated bus lanes, and separately, bridges and structures
 - **An updated Local and Regional Streets & AT Renewal Program** with continued dedicated revenues and investment strategy, including external funding.
 - **A new Bridges & Structures Plan** with its own dedicated revenues and investment strategy, separate and apart from the Local and Regional Streets & AT Renewal Program; and
 - An **Implementation strategy**.

With respect to the last two recommendations, we remind that you have a:

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| ● Climate Action Plan | Transportation Master Plan |
| ● Transit Plan | Poverty Reduction Plan |
| ● Affordable Housing Plan | Plan Winnipeg or Our Winnipeg |
| ● Four-year balanced budget plan | Annual and Five-year Capital Plan |
| ● Social Procurement Plan in the making | Active Transportation Plan |
| ● Any many other plans | |

And you have them to:

- understand necessary steps going forward.
- understand what the civic objectives are; and
- align budget priorities to meet those plans.

The request that you develop a *Detailed Infrastructure Plan*, an updated *Local, Regional & AT Plan* and a new standalone *Bridges & Structure Plan*, is based on the same principle that led you to support the development and updating of the above-named list of plans, namely: failure to plan, enables failure.

I point out the Urban Institute of Manitoba has called for a detailed infrastructure investment plan, to make clear the city's needs for core infrastructure and servicing to enable development, including for employment lands.

This is similar to the more recent call, by Trees Please Winnipeg, for an investment plan for the renewal of Winnipeg's tree canopy, reflecting the loss of trees, and the need to invest in new planting on a reasonable timeline.

EPC has demonstrated in the proposed amendments to the budget with respect to the funding of Active Transportation, (recommendations 2 J,K & L at pages 10 & 11 and L at page 15 amending 2K) the direct connection between a plan, its realization and execution in a budget document.

In short, we are calling on you to plan, to begin shaping political strategies, and policies, and relationships with senior levels of government to enable the city to move forward.

Is there anyone in this Chamber who disagrees that planning enables decision making, connection to budget and fosters success?

CONCLUSION

We respectfully ask that these recommendations be reflected in and added to an accompanying motion adopting the budget.

They are in essence, no different in purpose, than the policy shaping directions in Item 1 EPC's final budget recommendations, namely:

- 1Q at page 4 related to pursuing a new agreement with Shared Health Services
- 1Z at page 6 related to the Winnipeg Climate Action Plan engagement with stakeholders

- 2D & E at page 8 with respect to the development and funding of a phased in Strategic Infrastructure Plan for Sustainable Social and Economic Development focusing initially on sewer and water capacity
- 2 J, K & L at pages 10 and 11; and then L at page 15 amending 2K addressing the funding of active transportation infrastructure reconstruction

Mr. Mayor and Councillors - **2022 is both a transitional and pivotal year.**

It marks the end of this Council's term in office heading into 2022 civic elections. It is also a pivotal political year for the province as it heads into a 2023 provincial election.

The political planning and priorities stars are aligned. They offer you the opportunity of standing up for the interests of good sound governance; to pressure and press provincial political leaders to commit to a realignment of provincial/municipal and by extension federal relations, roles, responsibilities and revenue sharing, to meet the ever evolving and growing challenges, and demands for service.

This is not the time to be shy or timid, nor to walk away from such a golden opportunity.

This is the time to lead with the budget, to speak to, and develop broad public and stakeholder support for new directions that enable a successful city, a growing city.

In closing, I again sincerely thank you for your good work, and for your time and attention today.

I would be happy to take questions.



Chris Lorenc, B.A., LL.B.,
President, MHCA
December 15, 2021

City needs a real, detailed infrastructure plan

Winnipeg Free Press, October 22, 2021

LANNY MCINNES

BUILDING a home that can last for generations starts with a strong foundation.

When the City of Winnipeg approved its new 25-year development plan titled OurWinnipeg 2045 and the supporting Complete Communities Direction Strategy city-wide secondary plan document in June, the Manitoba Home Builders' Association, representing the residential construction industry, and the Urban Development Institute of Manitoba, representing the professional land development industry, argued that the foundation needed for building and implementing a successful development plan for Winnipeg is a comprehensive, strategic infrastructure plan.

City council agreed and directed that a strategic infrastructure plan be prepared to help inform the implementation of the Complete Communities strategy. While the City of Winnipeg's "2020 Infrastructure Plan" has some important and useful information in it, the document itself is not a strategic infrastructure plan. The 2020 document is a listing of infrastructure projects, many of which are over-engineered or simply replacements for antiquated infrastructure, with no true direction on actual implementation.

To be a foundation upon which Winnipeg's 25 year development plan can be implemented, our city's strategic infrastructure plan will need to be much more than simply a list of projects the city needs. Rather, a fulsome and strategic infrastructure plan would include a number of key components currently missing from the city's 2020 Infrastructure document, including:

- Identifying the specific, targeted goals and objectives of the strategic infrastructure plan;
- Identifying where growth can/will occur by explaining the locational or strategic importance associated with infrastructure improvements and how they will help grow Winnipeg's tax base;
- Clearly defining an appropriate "level of service" for Winnipeg that the infrastructure is designed to provide, and identifying the scale of infrastructure improvements appropriate for a city of our size and character;
- Identifying where the "low-hanging fruit" is and providing guidance and rationale on what projects will provide the best return-on-investment (ROI) for the City of Winnipeg;
- Identifying where the City of Winnipeg can leverage other resources or funding partnerships (in particular, private investment); and
- Identifying how the plan will be implemented to achieve the goals and objectives.

We are not aware of this type of strategic infrastructure plan ever being undertaken by the City of Winnipeg. Preparing this kind of plan is not easy, but it is needed.

The city's current population forecasts estimate that Winnipeg's population will grow to a million people within the next 25 to 40 years. Is there an understanding as to what strategic infrastructure is needed to accommodate that level of growth? Where will the city get the greatest ROI for its limited infrastructure budget?

Where can the city leverage funding from other levels of government and, perhaps more importantly, private investment? How will the city's strategic infrastructure plan align with the Winnipeg Metro Region's "Plan 2050" overall regional planning document? These are all key questions that the city's strategic infrastructure plan must answer.

Finally, implementation is a key component to any successful plan. How are we going to implement the plan while still achieving the greatest ROI, still maximizing tax base growth, and while leveraging the greatest private investment? The city's 2020 infrastructure document does not answer these fundamental questions.

This issue can no longer continue to simply be “passed down the chain” by council to the administrative staff who seem to be recycling a list of projects that have been “on the radar” for the past two decades. Our continued economic growth, along with our population growth, is dependent on getting this right.

The development and implementation of a strategic infrastructure plan for our city will need strong leadership from both city council and the public administration. With the next municipal elections one year away, we will be calling on all candidates vying to become Winnipeg’s next mayor or running for council seats to champion this work and be accountable for its completion.

Winnipeg’s next mayor and council must make implementing a true strategic infrastructure plan — the foundation upon which our city’s future growth and prosperity will be built — a top priority for Winnipeg’s next council.

Lanny McInnes is the president and CEO of the Manitoba Home Builders’ Association and the managing director of the Urban Development Institute of Manitoba.