

CITY OF PORTAGE LA PRAIRIE – 2022 BUDGET SPEECH

As presented by City Finance Chair and Deputy Mayor, Brent Budz

Feb 14, 2022

Your Worship and Fellow Members of Council. It is my pleasure as Chair of the Finance, Legislative and Property Committee and Deputy Mayor to present to you our 2022 City of Portage la Prairie budget for approval.

2022 Infrastructure Projects – Saskatchewan Ave West moves ahead

2022 will be another year of large infrastructure investments in our City. The \$37 million Saskatchewan Ave West project began in 2021 with the renewal of utility infrastructure between 4th Street West and 8th Street West in our City and will continue on this Winter with the installation of drainage systems. By Spring, construction season in Portage la Prairie will begin in earnest with the completion of the utility infrastructure beyond 8th Street West to Elm Street and in concert will be staged work for a new Saskatchewan Avenue with sidewalks, parking spaces, medians, boulevards, bike paths and new greening of our City.

While the utility infrastructure will be completed in 2022, the general work for the avenue will be completed in stages over the next three years from 4th Street West and west to Elm Street. The end result will be an impressive west entrance to our City, better traffic controls on this busy avenue, parking for businesses and avenue residents and ways to bike or walk in the area without navigating gravel shoulders.

Your Council is pleased to announce we have been planning this work for many years and with the full payment of the Stride Place debt occurring in the next few years, this is an opportunity to redeploy these payment dollars into a new project.

Funding for the Sask Ave West project is supplied by the Investing in Canada Infrastructure program which will see the federal government contribute \$12.5 million; the provincial government contribute \$8.3 million to this project with the City contributing the balance. The opportunity to redeploy the Stride Place debt payment dollars into this new project will mean that our City taxpayers will see **no increase** in property taxes for this project.

Upgrading Water Pollution Control

In total, the City plans to expend \$58 million on capital projects and purchases in 2022. While the Saskatchewan Ave West project is a large portion of that amount, we also have the Water Pollution Control Plant upgrade in progress and working in conjunction with our large industries towards awarding the contract on this upgrade under the P3 model by the end of 2022.

The City is currently working with the Infrastructure Bank of Canada, a federal government entity, to develop the best tender for this contract.

Directly related to this project, we are expecting to complete the new Operations Facility Building at the Operations Yard in our City by late Summer which will house the Facilities Maintenance and Utility Distribution departments for the City. The Parks department will also relocate to the Operations Yard buildings although the Island Park yard will be maintained as much of the department's summer work is centered in this area.

Other Capital Projects

Beyond the utility projects noted, we will be replacing the McKay Reservoir Roof during 2022 at a total cost exceeding \$1 million. This reservoir is the holding facility for much of our City's utility customer's water supply prepared at the Water Treatment Plant as an intermediary facility between the plant and City homes and businesses.

The City will also be providing over \$3.8 million in funding to the Rural Municipality of Portage la Prairie for their Poplar Bluff Reservoir project which benefits the City through our sale of water to the industrial park tenants, Simplot and Roquette being the largest water purchasers, the rural municipality customers west of the city and the Yellowhead Water Coop which serves rural municipalities and towns such as Gladstone, McGregor and Austin. The City takes a regional approach to using the products of our Water Treatment Plant and Water Pollution Control Plant to assist those in the wider community with their utility needs.

2022 will be the final year of the City's Downtown Sidewalk renewal project we began in 2020. Sidewalks between 2nd Street West to 4th Street West and 3rd St East to 5th Street East will be replaced along with new planters, benches and trees at a total cost of \$650,000.

Other projects of note:

- Improving accessibility to City Hall, a heritage building in the City's downtown needing accessibility assistance sources to the public
- Contingent on receiving grant funding, a continuation of added climate risk mitigation to our operations is anticipated with installation of two more stationery generators. This was our largest risk during the 2019 Ice Storm to continue to pump out our sewer system to the Pollution Control Plant.
- An investigation of new and enhanced City services: solid waste, recycling, transit to name a few. Balancing use of taxpayers' funds to benefits is critical to our investigations.

Community Partnerships and Grants

The City works with a variety of partners in delivering services to its residents and businesses. A complete listing of funding to be provided to community and partnership organizations, city committees will be posted to the City's web site in the following days. In total \$2.2 million is being expended in this area. We will be contacting each organization who applied for this funding.

2022 Property Taxes

We have achieved a 2% increase in operating expenses for the city within this budget in addition to the capital projects already identified and at **NO regular increase** to property taxes. Considering the next general property assessment won't be implemented until 2023, administration is commended in finding cost efficiencies within the operating budget to result in this outcome.

Unfortunately, what we haven't been able to cover is the increase required for RCMP member unionization.

In late 2021, the City was advised that the national RCMP union had reached an agreement regarding a retroactive pay agreement to 2017 at a rate far more than what had been expected of 2.5% per year. It's a 23.7% pay increase over the six year

period, retroactive to 2017. Our City has a federal policing agreement with the RCMP based on our population size category between 5,000 and 15,000 residents to pay 70% of RCMP member costs and for our City, up to 27 members. The impact will be an increase to the policing services operating expenses for our City of \$500,000 and for the retroactive amount, up to \$972,000.

Your Council has decided to fund the retroactive amount from the City savings account – the City’s reserve accounts to reduce the impact of the total cost of this change to taxpayers.

\$500,000 is the ongoing operating expense increase that will be recovered through a general property tax increase. **This represents a 4% increase to each of our 5,200 taxpayers’ property taxes or for a residential property assessed at \$250,000, a property tax increase of \$89 in 2022.**

In the coming year, we will be completing extensive analysis to determine if there are cost efficiencies to reduce this amount in future years. Currently our contractual obligations with the RCMP do not allow for any immediate costs efficiencies to be taken.

The City has written to the Federal Public Safety Minister to express our disagreement with this cost burden placed on our municipality, its taxpayers and continues to support the Association of Manitoba Municipalities’ efforts to lobby for reduction in these costs, particularly as it applies to retroactive amounts.

There are 21 municipalities in Manitoba directly impacted by the RCMP unionization and many across Canada. Municipalities with populations under 5,000 have their RCMP costs primarily paid for by the provincial government.

Living in Our City

Finally, our City will continue to provide a healthy and sustainable community for its residents and businesses through our City Parks department initiatives and partnerships. Nationally, 2022 has been declared as the Year of the Garden. We encourage our City residents to continue to beautify their own property’s green space and enjoy our public green spaces throughout the coming months.

Budget Summary

In summary, the 2022 budget is:

For the general fund, the net operating budget is \$13 million, and the capital budget is 32 million

For the utility fund, the net operating budget is \$19 million, and the capital budget is \$26 million.

There is no increase to 2022 property taxes for regular operating expenses. That said, the 2022 budget does include \$500,000 for increased RCMP contract costs due to unionization. This will result in an increase to property owners' taxes of 4%. For a residential property assessed at \$250,000, the 2022 property tax increase will be \$89.

The next steps in our 2022 budget process will be to await receipt of the Portage la Prairie School Division's budget. This is used to finalize our financial plan and determine the total mill rate. Today, we are unsure if the Manitoba government will continue with their education tax reductions to taxpayers as they commenced in 2021.

We are expecting to complete our 2022 Financial Plan by April and after a public hearing to approve this document, submission to the provincial government will occur. Your tax bill will be mailed to you by early June and as usual, we will provide you various tools to calculate your 2022 taxes in advance on the City's web site.

The 2022 budget speech will be posted on the city's web site in the next few days.