



KEVIN KLEIN

Winnipeg City Councillor | Charleswood-Tuxedo- Westwood
Chairperson -Winnipeg Police Board

Councillor Kevin Klein Statement on the 2019

I set out to provide positive alternatives and suggestions to make our city function better financially. I decided to be on council because I want to be a part of the solution. My intentions are to provide a positive contribution to the process and to the City of Winnipeg.

I made a promise to my community to make decisions based on information and facts not emotion or negativity. I'm committed to continue working towards offering alternatives and suggestion to improve the system and make it more open and transparent for all of Council and the taxpayers we represent.

To quote Mayor Bowman when he was speaking about the Provincial budget: "There will be programs and numbers used that will require months, if not years of questions to get answers on what it all means".

There are many areas within the 2019 City of Winnipeg budget where costs are aggregated in various categories with insufficient detail and transparency to analyze it properly. The limited detail provided is disappointing given that residents have the right to know answers to important questions.

- For example – What is the budgeted salary increase for Executive and Management staff?
- How many full-time equivalent jobs are budgeted that are currently vacant and likely will remain vacant in 2019 as they did in 2018?

When trying to get answers for individual line items there is no readily available data. This basic supporting information should be readily available to every council member.

I enlisted the assistance of a resident's advisory group that included CFO designated accountants, and others to get more insight with respect to the 2019 City of Winnipeg budget. Based on these insights collectively and my own, I offer up a few observations and concerns I have with respect to the 2019 City of Winnipeg Budget:

1. One must question if this really is a balanced budget? We are operating many departments and entities within the City of Winnipeg at annual operating deficits that are not sustainable. We are taking money from the stabilization fund to make it balanced. The Winnipeg Parking Authority has budgeted to transfer approximately \$9M to General Revenue Fund and Land Operating Reserve in 2019. Is the increase to General Revenue (\$4.992M) intended to help offset the reduced dividend from water and waste? In other words, the City isn't trying to reduce spending, but is rather shuffling funds around? What is the rationale for running a deficit at the Parking Authority as a result of transfers to General Revenue?
2. Has a cost/benefit or SWOT analysis been done on major funding initiatives such as pedestrian and cycling infrastructure? \$22M is budgeted for 2019. Would it not be prudent to review all major projects given our current financial status?
3. Water and Waste revenues are expected to increase by 9.6% from 2019 to 2021 – how? We still have not confirmed the costs of required work to the treatment centre.
4. Vacancy Management is a concern. Growing through the ranks to CEO I was taught that Vacancy Management is bad management. If you can operate without a position being filled for a long period of time, why are we budgeting for that position? Now if the vacant position has a positive impact on revenues then why has it not been filled by now? Basic questions you would ask during normal budget reviews with department heads in any organization. It appears we are including in these positions to simply have a cushion on future projects and to come in "under budget", when that simply isn't accurate.

5. There is a slide in the budget indicating we have the lowest property tax rates in Canada- that number is provided by the City and uses the median. Many experts will not consider that accurate. Let's look at dollar to dollar property taxes based on \$1,000 per assessed value is what Global News sited in a story. Winnipeg was \$12.15 per \$1,000 of assessed value, making us the highest property taxes in the country. This is an example indicating there are other facts we should consider when preparing a budget of this magnitude.
6. Debt is up 35% since 2012 – to the end of 2017. We are almost at our credit limit. We have a \$7 Billion infrastructure deficit – How do we resolve that? There is no serious discussion at present about prioritizing that list and that's concerning.

I respect the staff at the City and have no doubt they're working very hard to meet a tight deadline to have a budget passed. My concern is what I tell the taxpayers I work for. I made a promise to offer alternatives and suggestions to improve our City's financial state. I promised to be a strong money steward on their behalf; I'm not given the opportunity. We're provided less than 15 days to analyze a \$1 Billion Budget; any financial expert will tell you it's not possible to do properly and thoroughly.

I'm pleased to see the city has made many improvements within the world of transparency, but I know we can do better. This process is disappointing; the residents I represent, that we all represent, deserve open and complete communication of the budget, after all it's their money were spending.

I believe I have a good relationship with the Mayor and my comments are not personal they're factual. I would welcome the opportunity to work with Mayor Bowman and other members of Council towards a more collaborative and complete budgeting process. I believe we all want what's best for the people we serve and the City of Winnipeg.

Kevin Klein, Councillor for Charleswood – Tuxedo - Westwood