Agenda – Executive Policy Committee – September 16, 2025

Report – Standing Policy Committee on Finance and Economic Development – September 15, 2025

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

Item No. 1 Financial Status and Forecast Report of June 30, 2025

STANDING COMMITTEE RECOMMENDATION:

On September 15, 2025, the Standing Policy Committee on Finance and Economic Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the Financial Status and Forecast Report, to June 30, 2025, be received as information.

2. That the Proper Officers of the City be authorized to do all the things necessary to implement the intent of the foregoing.

Agenda – Executive Policy Committee – September 16, 2025

Report – Standing Policy Committee on Finance and Economic Development – September 15, 2025

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On September 15, 2025, the Standing Policy Committee on Finance and Economic Development concurred in the recommendation of the Winnipeg Public Service and recommended to the Executive Policy Committee:

1. That the Financial Status and Forecast Report, to June 30, 2025, be received as information.

2. That the Proper Officers of the City be authorized to do all the things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: Financial Status and Forecast Report of June 30, 2025

Critical Path: Standing Policy Committee on Finance and Economic Development – Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Speidel	T. Graham	T. Graham	J. Dunford

EXECUTIVE SUMMARY

This report is the second of four updates the Public Service provides annually to the Standing Policy Committee on Finance and Economic Development ("the Committee") on the financial forecast and other key information.

Prior reports focused solely on the General Revenue Fund with some comments on Transit. In order to be more encompassing of the City's finances, this report includes unaudited financial forecasts for the General Revenue Fund ("GRF"), Utilities (Transit, Waterworks System, Sewage Disposal System, Solid Waste Disposal, and Land Drainage and Municipal Accommodations), and Special Operating Agencies (Animal Services Agency, Golf Services Agency, Fleet Management Agency, and Winnipeg Parking Authority). Any surplus or deficit in Municipal Accommodations is balanced to zero by a transfer to the Asset and Project Management Department and is therefore reflected in the GRF results. This forecast does not include the elimination of inter-company transactions or other adjusting entries included in the City's annual audited financial statements.

As of June 30, 2025:

- The GRF is forecasting a deficit of $17.7 million, which is equivalent to 1.2 percent of the overall expense budget of $1.419 billion and is a $1.2 million improvement over the Q1 forecast.
- Utilities are forecasting a surplus of $61.3 million, which is a decrease of $5.1 million from Q1 forecast. Surpluses in the utilities create retained earnings which are used in future years to support capital projects and operations.
- Special Operating Agencies are forecasting a deficit of $3.9 million.

The attached schedules 1 – 7 provide further details on the unaudited results for the quarter.

As of June 30, 2025, $44.9 million of the $51.8 million savings targets have been recognized. The savings are forecasted in various departments.

The forecasted year-end balance in the Financial Stabilization Reserve Fund ("FSR") is $14.7 million, after accounting for the above deficit. Additional details are provided on Schedule 7 attached. As approved by Council on June 26, 2025, the FSR can be used to cover the deficit in the GRF.

RECOMMENDATIONS

1. That the Financial Status and Forecast Report, to June 30, 2025, be received as information.

REASON FOR THE REPORT

To provide the Standing Policy Committee on Finance and Economic Development with a financial status update as of June 30, 2025. This is the second of the four quarterly reports, which will be presented to the committee in 2025.

On January 17, 2025, the Standing Policy Committee on Finance and Economic Development approved that the Financial Status and Forecast Reports to the Committee be reduced from five reports to four quarterly reports dated March, June, September, and December.

IMPLICATIONS OF THE RECOMMENDATIONS

This report is to be received as information only.

HISTORY/DISCUSSION

Efficiency Management Targets

The 2025 budget includes $51.8 million in savings targets (i.e., efficiency management targets). The following is a summary of the savings targets as of June 30, 2025:

Type	Budget	Forecast	Remaining
Efficiencies/expenditure management	$26.2 million	$21.3 million	$4.9 million
Police efficiencies	$5.1 million	$3.1 million	$2.0 million
Vacancy management	$20.5 million	$20.5 million	On Target
Total	**$51.8 million**	**$44.9 million**	**$6.9 million**

- Efficiencies / Corporate efficiencies forecasted to be achieved as of June 30, 2025, include:
    - $5.7 million in carbon and fuel tax savings
    - $7.9 million in debt and finance savings due to debt deferral
    - $2.5 million transfer from the Workers' Compensation Reserve
    - $2.0 million increase in revenue from the Assessment and Tax Department
    - $1.5 million increase in short-term interest revenue
    - $1.7 million in savings in various divisions.

- Police's efficiency target is estimated to be partially achieved as a result of salary and benefit savings from delayed hiring and higher revenues from police services and record checks.
- Vacancy management targets are on track to being achieved mainly through delays in hiring.

Financial Forecast

General Revenue Fund

The results for the past five years, in this fund, before final transfers, are (in millions $):

YEAR	SURPLUS (DEFICIT) MARCH 31	SURPLUS (DEFICIT) JUNE 30	SURPLUS (DEFICIT) SEPT. 30	SURPLUS (DEFICIT) DEC. 31
2025	($18.9)	($17.7)	TBD	TBD
2024	($39.3)	($19.2)	($23.4)	$7.2
2023	($27.0)	($1.2)	($3.1)	($0.3)
2022	($53.9)	($55.9)	($56.8)	($83.0)
2021	($12.7)	($14.3)	($17.3)	($22.3)
2020	($25.8)	($0.7)	$1.1	$2.5

The forecast deficit in the General Revenue Fund, for Q2, is primarily due to deficits in the following departments:

- $12.1 million in Corporate, due to $21.2 million in corporate efficiencies being recognized, offset by savings in debt and finance charges.
- $4.3 million in Planning, Property and Development mainly due to lower-than-expected regulation revenues.
- $3.1 million in Winnipeg Fire Paramedic Service mainly due to higher overtime and workers' compensation costs offset by additional revenues.
- $3.0 million in Asset and Project Management due to lower-than-expected transfer from Municipal Accommodations.
- $2.0 million in Winnipeg Police Service because they have not yet achieved $5.1 million expenditure management target.

The above deficits have been offset by a $3.3 million surplus in Public Works, due to lower snow clearing and ice control costs because of mild temperatures in Q1 and $2.7 million in Corporate Finance mainly due to higher interest earned on short-term investments.

Asset and Project Management
Asset and Project Management is forecasting a deficit of $3.0 million due to a lower transfer from Municipal Accommodations. The reduction in the transfer is mainly due to lower recoveries for maintenance, and higher service and material costs in Municipal Accommodations, which reduces the available funds for transfer.

Financial Forecast (continued)

Corporate Accounts

The Corporate accounts include general revenue and expense/savings budgets not directly allocated to any other public or internal service. Included in these accounts are budgeted efficiency savings of $26.1 million for 2025. These savings are realized through any number of means, including savings in departmental budgets and other funds. For Q2, $21.2 million of the savings target has been achieved.

Savings for Q2 include $7.9 million for debt and finance charges, $5.7 million in carbon tax savings, a $2.5 million transfer from the Workers' Compensation Reserve, $2.0 million in additional revenue from Assessment and Taxation, $1.5 million additional short-term interest revenue and $1.7 million in other departmental savings.

Corporate Finance
The Corporate Finance Department is forecasting a surplus of $2.7 million mainly due to an increase in short-term interest. This is an increase of $2.0 million from last quarter.

Winnipeg Fire Paramedic Service
The Winnipeg Fire Paramedic Service is forecasting a deficit of $3.1 million primarily due to overtime and workers' compensation costs. These additional costs have been partially offset by additional revenues from Shared Health and a transfer from the Workers' Compensation Reserve. This is a $3.3 million improvement from last quarter mainly due to the transfer from the Workers' Compensation Reserve and an update to training class timing.

Planning, Property and Development
The Planning, Property and Development department is forecasting a deficit of $4.3 million as of June 30, 2025, mainly due to lower-than-budget regulation revenues. This is a $1.1 million improvement from Q2 which is attributed to a strong quarter for both residential and commercial permit applications.

Winnipeg Police Service
Winnipeg Police Service is forecasting a deficit of $2.0 million driven by the expenditure management savings target of $5.1 million, which has been partially achieved. This represents an improvement of $2.3 million from Q1, mainly attributable to additional savings targets being achieved through salary and benefit savings, including reduced overtime, and increased revenues.

Public Works Department
The Public Works department is projecting a surplus of $3.3 million primarily due to favourable weather conditions in Q1, which resulted in lower than budget costs for snow removal and ice control. These savings were partially offset with higher than budget costs for roadway construction and maintenance. The Department's surplus has decreased by $1.3 million since Q1, largely due to increased city beautification costs, which was offset by lower costs in the parks and support divisions.

Financial Forecast (continued)

Utilities

Utilities and SOAs use retained earnings to manage their operations and fund future capital projects. Surpluses in the year will be transferred to retained earnings to be used in the future. Deficits will reduce the amount of retained earnings available to fund operations and/or capital projects.

Transit

Transit is forecasting a deficit of $2.1 million mainly due to lower fare revenue and increased costs in bus, automotive and other parts. This is offset by lower-than-expected fuel costs and carbon tax savings. The lower fare revenue is due to on-going challenges with fare evasion and lower ridership levels. The increase in costs for buses, automotive and other parts is due to delays in getting new buses on the roads and an overall increase in kilometers driven. There is no material change in the mill rate impact from Q1.

Water and Waste

Water and Waste is forecasting a surplus of $63.3 million primarily due to revised sewer volume and solid waste utility rates. Forecasted results are measured against the adopted budget, which did not reflect the impact of the sewer volume and solid waste rate changes approved by Council on March 27, 2025.

The Sewer Utility is projected to generate a surplus of $49.7 million. This is a decrease of $6.7M from the Q1 forecast primarily due to an increase in the transfer to the Environmental Projects Reserve and property taxes. The Sewer Utility results are required to fund significant capital investments and maintain operations.

The Solid Waste Utility is projected to generate a surplus of $5.8 million. This is an increase of $2.4 million from the Q1 forecast primarily due to an increase in revenue from the sale of recyclable material, along with a decrease in cart collection and recycling multi-unit bin contracts. This surplus, along with future surpluses, will be used to offset the prior year’s deficits and support ongoing operations.

Special Operating Agencies

The SOAs are forecasting a deficit of $3.8 million, primarily due to lower than anticipated citation and on-street paid parking revenue from the Winnipeg Parking Authority and lower revenue from capital leases in Winnipeg Fleet Management due to delays in receiving vehicles and equipment. See Schedule 3 attached for details by SOA.

Financial Forecast (continued)

Financial Stabilization Reserve Fund

Council established the Financial Stabilization Reserve Fund (FSR) to counteract the budgetary effect of fluctuations from year to year in property and business taxes and/or to fund deficits in the General Revenue Fund (GRF) to assist in stabilization of the City's property tax requirements.

The forecasted year-end balance in the FSR as of June 30, 2025, is $32.4 million, which includes a $0.4 million transfer from the GRF, $6.9 million in funding from the Province of Manitoba for the One Manitoba Growth Program, $0.6 million in interest earnings, and $10.9 million in funding approved by Council on June 26, 2025, offset by a $4.0 million transfer to cover net taxes added.

The Council approved transfers included a $3.7 million transfer from Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve, $5.4 million transfer from Winnipeg Transit and a $1.8 million transfer from Animal Services.

As approved by Council on June 26, 2025, the FSR can be used to cover the $17.7 million deficit, if required. This draw will result in a forecasted balance remaining of $14.7 million as of December 31, 2025. The Council approved minimum balance for the FSR for 2025 is $85.1 million, which is 6 percent of the tax-supported budgeted expenditures. After this transfer, the forecasted shortfall is $70.4 million (see schedule seven attached) as of December 31, 2025.

Potential Impacts to Forecasted Results

Projected year-end results reflect the information available as of June 30, 2025. Certain items involve a greater degree of uncertainty. Administration continues to monitor the following matters and update projections as necessary:

- Impact of new employee contracts for Canadian Union of Public Employees (CUPE), Winnipeg Association of Public Service Officers (WAPSO), Manitoba Government Employee Union (MGEU), and Winnipeg Fire Paramedic Senior Officers (WFPSO). All these agreements are expired as of June 30, 2025.
- Snow and ice control expenditures are weather dependent and difficult to predict. Greater snowfall than average may further impact the Snow and Ice Control program projected results.
- Vacancies and work absences continue to increase overtime and workers' compensation costs.
- Volatility in the costs of goods and services may be impacted by the ongoing trade dispute with the United States.
- New events or transactions which may occur.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 28, 2025

Project Name:
Financial Status and Forecast Report of June 30, 2025

COMMENTS:
There are no financial implications associated with the recommendations in this report.

Randy Bernard
Randy Bernard, CPA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- All City of Winnipeg Departments

OURWINNIPEG POLICY ALIGNMENT

Leadership and Good Governance

1.1 Organizational Alignment
All City policy implementation and enforcement tools must be aligned with the localized United Nations Sustainable Development Goals framework, consisting of Leadership and Good Governance; Environmental Resilience; Economic Prosperity, Good Health and Well-Being; Social Equity; and City Building contained in this Plan.

1.5 Evidence-Informed Decisions

Invest in data and technology in order to support objective, evidence-informed decision-making; support open government and open data principles for collection and sharing; help coordinate records and information management; and improve process efficiency, results-based service delivery and accountability.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CLA) and its Goals and Objectives, and it was determined that the CLA is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller
Prepared by: Helen Hasiuk
Date: August 28, 2025

Attachments:

Attachments:

- Schedule 1 – The City of Winnipeg – General Revenue Fund – Financial Status and Forecast Report
- Schedule 2 – The City of Winnipeg – General Revenue Fund – Budget Variances
- Schedule 3 – The City of Winnipeg – General Revenue Fund - Reconciliation of March 2025 Forecast to the June 2025 Forecast
- Schedule 4 – The City of Winnipeg – Summary of Revenue and Expenses - By Fund
- Schedule 5 – The City of Winnipeg – General Revenue Fund – Net Mill Rate by Department.
- Schedule 6 – The City of Winnipeg – General Revenue Fund – Taxation Revenues
- Schedule 7 – The City of Winnipeg – Forecasted Balance of the Financial Stabilization Reserve Fund