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## 2019 Business Plan and Budget Options

### Recommendation

That the Governance and Priorities Committee refer the prioritized Business Plan initiatives to Administration for consideration into the 2019 Business Plan and Budget process.

### Topic and Purpose

The purpose of this report is to present the results of the Governance and Priorities Committee's (Committee) prioritization process that was completed in July 2018, and to obtain Committee approval to refer the results for consideration into the 2019 Business Plan and Budget process.

### Report Highlights

1. The recommended prioritized operating initiatives would place the current property tax estimate within the targeted property tax range of 4.0% to 4.5%.
2. \$2.62 million in Reserve for Capital Expenditure (RCE) projects are recommended for inclusion at the 2019 Budget Deliberations for approval.

### Strategic Goal

This report supports the Strategic Goal of Asset and Financial Sustainability by being open, accountable, and transparent, particularly when it comes to resource allocation and collection decisions made by the City of Saskatoon (City).

### Background

At its meeting on March 19, 2018 when considering a report of the CFO/General Manager, Asset and Financial Management Department, that provided an overview of the multi-year business plan and budget process for 2019, Committee resolved:

“That the 2019 Business Plan and Budget Process be approved.”

The report included the introduction of a proposed business plan and budget options process whereby Committee would provide direction to the Administration regarding which options to implement above the current service level for 2019.

At its meeting on May 22, 2018 when considering a report of the CFO/General Manager, Asset and Financial Management Department, that provided an overview of the cost to maintain current service levels and options to set a property tax target for 2019, Committee resolved:

“That a property tax target range between 4.0% and 4.5% be set for the 2019 Business Plan and Budget process.”

At its meeting on June 18, 2018, when considering a report of the CFO/General Manager, Asset and Financial Management Department, that provided an overview of City initiatives aimed at achieving City Council's strategic priorities, Committee resolved in part:

- “1. That \$500,000 be held in contingency from the available 2019 Business Plan and Budget options for funding to offset potential options, risk and decisions that may arise; and
2. That the prioritization process for evaluating the 2019 Business Plan and Budget operating and Reserve for Capital Expenditures options be approved.”

### **Report**

#### Business Plan Operating Budget Options

As previously presented to Committee, the estimated property tax increase required to maintain current service levels is 3.16%. The targeted property tax range between 4.0% and 4.5%, including the \$500,000 contingency set aside on June 18, 2018, would mean that between \$1.44 million to \$2.60 million could be targeted to support budget pressures such as improving services to citizens and achieving priorities that are important to the community, as reflected by City Council's strategic priority areas.

On June 18, 2018, the Administration presented Committee with \$7.78 million in Business Plan options for consideration into the 2019 Business Plan and Budget process that would provide additional resources to expedite the current progress being made on City Council's strategic priorities. In July 2018, Committee members reviewed and prioritized these business plan options via a Business Plan Prioritization Workbook.

The consolidated prioritization was based on the percentage of responses that allocated funding to a particular initiative. For example, if every response (100%) allocated some level of funding to an initiative, it was rated the highest. Recommended funding was based on either the average funding amount allocated (if the amount was considered adjustable) or the full amount required for the initiative (if the amount was not considered adjustable).

The results of this prioritization process are included in Attachment 1. These initiatives include:

- \$450,000 to the Building Better Parks Asset Management Plan to enhance the condition of the City's park infrastructure, including pathways, irrigation systems, playgrounds and other amenities.
- \$300,000 to the Building Better Bridges Asset Management Plan to maintain the condition of the City's current bridge and overpass inventory.

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- \$150,000 to the Urban Forestry Reserve to provide funding for future Urban Forestry requirements including responses to insects and threats such as Cottony Ash Psyllid.
- \$250,000 to the Game Plan, as previously approved in principle by City Council. This funding will be utilized to fund current and future recreation and sport partnerships.
- \$350,000 for Snow and Ice service level enhancements throughout the City.
- \$200,000 towards the Building Better Transit Asset Management Plan to improve the condition and age of the City's Transit fleet.
- \$90,000 towards creating a permanent Performance Improvement Coordinator position to identify and implement continuous improvement initiatives.
- \$75,000 contribution towards the Active Transportation Reserve in order to increase the amount of Active Transportation projects funded on an annual basis.
- \$100,000 contribution towards sidewalk maintenance to increase the amount of replacements completed on an annual basis.
- \$100,000 towards the Meewasin Valley Authority in order to partially replace the one-time funding of \$143,000 granted in 2018 by the City.
- \$125,000 for additional IT Project Manager positions to increase the implementation of recommendations resulting from Continuous Improvement Reviews.
- \$25,000 towards a permanent Winter City Grant program.
- \$100,000 towards the implementation of the Active Transportation Master Plan.
- \$110,000 for an Organizational Change Management position which would ensure appropriate communication, training, education and strategies are put in place to mitigate employee uncertainty, stress and unnecessary financial costs.

The Administration will take the results of the prioritization process completed by the Committee into consideration when it prepares the 2019 Preliminary Budget. The final debate to approve the inclusion of the items in the budget will be made during the budget deliberations in November.

Inclusion of these initiatives would place the current property tax estimate within the targeted property tax range of 4.0% to 4.5%, including the \$500,000 previously set aside for contingency. This contingency will remain unallocated in order to address potential requirements, such as:

- other funding priorities such as service level changes, community or partnership funding requests;
- offsetting risks that were identified as part of the 2019 Indicative Budget, such as assessment growth, police expenditure estimates, or other revenue pressures; or
- adjusting the final property tax at 2019 Budget Deliberations.

The Administration will utilize this prioritized list as a starting point for the recommendation and report that will be tabled at 2019 Budget Deliberations. In addition to Committee's prioritized list, the future report will take into consideration any additional risks that present themselves, potential adjustments based on Administration's identified recommendations, and incorporation of the Saskatoon Police Service's approved budget.

It is important to note that the Administration will continue to work towards achieving all of City Council's strategic priorities. The previous Business Plan and Budget Options report presented on June 18, 2018 provides examples of the various initiatives that are currently underway to achieve City Council's strategic priorities.

### Business Plan Capital Budget Options

As previously reported to Committee, the RCE is estimated to have \$2.45 million available to allocate in 2019. At its June 18, 2018 regular meeting, Committee was presented with nearly \$3.0 million in options for consideration. Similar to the operating budget, Committee was asked to prioritize these projects through the month of July. Attachment 2 provides the results of this prioritization. Considering this feedback, the Administration identified \$2.62 million in RCE projects which will be considered as part of the 2019 Budget Deliberations for approval. These projects include:

1. \$1.23 million allocation to the City's Growth Plan implementation;
2. \$250,000 to support the continuation of activities for the WinterCityYXE strategy;
3. \$423,000 to complete the City's Cottony Ash Psyllid 2017 response by replanting nearly 1,000 new trees;
4. \$85,600 for funding towards Phase 4 of the City Centre Plan to be utilized to complete the streetscape work around River Landing and Parcel YY;
5. \$260,000 towards the development of a green infrastructure strategy;

6. \$300,000 for year one of three to complete a comprehensive review of the Zoning Bylaw; and
7. \$66,700 for the City's portion of the P4G Green Network Refinement project.

The recommended projects are currently \$170,000 higher than the estimated RCE balance of \$2.45 million; however, the Administration will continue to review current RCE projects or opportunities with the intention of returning funding to cover this difference.

It is important to note that this is a preliminary RCE prioritization process and City Council will have the option at its 2019 Business Plan and Budget Review meeting to reprioritize and allocate RCE funding to other unfunded capital projects.

### **Options to the Recommendation**

Committee can choose to request additional information or clarification on specific items prior to forwarding the list of initiatives to Administration for consideration into the 2019 Budget Deliberations. The Administration would report back to Committee in September, whereby Committee could consider the additional information prior to forwarding the list of initiatives to the Administration.

### **Public and/or Stakeholder Involvement**

The public engagement results collected while developing the 2018 Business Plan and Budget will be used as input into developing the 2019 Multi-Year Business Plan and Budget. The indicative budget process considered past results from the City's annual Civic Services Survey. Most notably, respondents indicated they would prefer to see a combination of increased property taxes and user fees instead of service level reductions. The 2019 Indicative Budget as presented, includes no changes to current service levels.

### **Communication Plan**

The 2019 Business Plan and Budget Options will be communicated through a news release and posted to the City's website (Shaping our Financial Future webpage).

The City's first public Multi-Year Business Plan and Budget will be for a two-year cycle, presented for the 2020-2021 budget years. The communications approach, adopted by Committee at its meeting on April 23, 2018, provides a more comprehensive plan to communicate and collect input for the development of the 2020-2021 Multi-Year Business Plan and Budget.

### **Financial Implications**

The financial implications are included in this report and associated attachments.

### **Other Considerations/Implications**

There are no policy, environmental, privacy or CPTED implications or considerations.

**Due Date for Follow-up and/or Project Completion**

If additional information or clarification is requested regarding specific initiatives, the Administration will report back to Committee at its September 17, 2018 meeting.

If the recommendation is approved, the Administration will report back with a refined prioritization list on October 15, 2018 when the 2019 Preliminary Business Plan and Budget book is tabled with Committee.

**Public Notice**

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

**Attachments**

1. Operating Business Plan Prioritization Results
2. Capital Business Plan Prioritization Results

**Report Approval**

Written by: Clae Hack, Director of Finance  
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Approved by: Kerry Tarasoff, Acting City Manager

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