



November 20, 2018

NSBA Submission Regarding 2019 City Business Plan and Budget

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His Worship the Mayor and City Council
233 3rd Ave N.
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Re: 2019 Preliminary Corporate Business Plan & Budget

Dear Mayor Clark and Members of Council,

In an effort to assist the City of Saskatoon Council in preparation for the 2019 budget deliberations, the NSBA Taxation Committee has reviewed Saskatoon's 2019 Preliminary Detailed Operating and Capital Budget.

Property tax rate increases for Saskatoon have outpaced the growth in our economy and inflation as seen when comparing the City's GDP and MPI/CPI calculations of 1.8-2.3% (as shown in Saskatoon Strategic Trends 2018) with the recommended property tax increase of 4.5%; this has increased the cost of living and doing business in Saskatoon. At a time when many businesses are working hard to manage costs and find efficiencies, our council and administration are likely focused on doing the same. Our goal in providing you with the information in this report is to help you identify ways to manage civic costs, while ensuring our city continues to be a great place to live and work.

We encourage you to raise questions with administration and share with them any concerns you may have from your review of this document. In addition, as we have expressed, we hope you will reach out to us with any questions you may have throughout your deliberations.

General Observations

- We commend Administration on their inclusion of performance metrics for many departments/budget lines; this is a significant improvement which adds a great deal of value to the budget document. We would encourage the continued and increased use of metrics going forward. Specifically, we would encourage the use of quantifiable financial and operational targets specific to the business or service line, particularly in areas where the current metrics are not necessarily reflective of the success of that specific line (such as, "Overall Satisfaction with Civic Services of 90% or more").
- We also commend the Administration on the noticeable improvement in details, context, and explanations of metrics, spending, and variances in spending year-over-year. This could be further improved through consistency across all business and service lines as well as adopting a threshold for explanations (ex. 10% variance from the prior year's budget) to ensure an explanation of all significant variances.
- Overall, additional FTE positions being added have been clearly explained, which is very helpful for all end users of the budget. We did note that staff compensation increases/decreases after factoring in changes in FTEs vary greatly from business line to business line. This variance should be explained in each business/service line, particularly where increases or decreases are vastly different than the average across all city operations.



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- The details included in each capital budget item varies from project to project. While some projects break down specific spending, timelines, and other factors to allow for further analysis, other projects have scant details other than the expected overall spend on the project. Consistency and a higher level of detail would be appreciated on all capital projects.
- A significant amount has been invested and will be invested in technology and automation of certain functions (i.e. CRM and ERP system, automated meter reading, digitization of records). It would be helpful to see analysis of the cost of automation efforts, as compared to the anticipated savings generated from that automation. We encourage the City to continue to explore areas in which technology could be leveraged to improve operational efficiency and effectiveness and to ensure these improvements are adequately taken into account when making decisions regarding future staffing requirements.

Corporate Asset Management

- The 2019 budget shows a large increase in the overall operating budget for this business line and an even more significant increase in the Facilities Management service line. We expect that these increases are representative of a plan for expected maintenance costs to extend the lifespan of existing infrastructure rather than reactionary spending to repair already deteriorated assets. Further explanation of planned preventative maintenance would be helpful to have in the future in order to ensure these funds are spent appropriately.

Taxation and General Revenues

- In 2017, there was \$2.5M less in revenue traffic and parking violations than budgeted. While this is likely linked to compliance improvements and the parking app implementation and uptake, which is positive. However, there are also significant budgeted cost increases within this section of the budget. We would encourage additional detail be discussed/disclosure within the budget document with respect to the cost-benefit analysis of additional spending within this area if there is a significant increase in compliance and reduced opportunities for revenue generation.

Policing

- The 2019 budget offers no mention of additional costs due to the legalization of cannabis. We encourage council and administration to review anticipated expenses arising from this change, and how those have been considered within the 2019 budget.

Environmental Health & Utilities

- It is noted that emissions reduction information is not yet available to track the success of initiatives in this area, despite the City setting reductions targets based on 2014 values. We encourage administration to include information within this section about plans for measurement and identifying targets, including identification of the resources necessary to execute these plans.
- We would encourage administration and council to consider the desired funding model for waste diversion efforts such as compost and recycling, and to ensure that the budget is reflective of those goals. If a user-pay system is intended to offset costs, additional detail about this could be included in the budget. If part of the funding is to come from landfill cost reductions, we encourage



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some of the quantitative analysis of this to be included for end users and for council's consideration when reviewing the budget.

- We would encourage metrics such as landfill usage and diversion rates to be tracked and reported on in more detail in future budgets (e.g. divided by residential, commercial, institutional, etc.). This helps taxpayers appreciate whether targets are being achieved and which users create the greatest tax burden.

Urban Planning and Development

- We commend administration and council on their commitment to strategic infill efforts. In order to facilitate this, we encourage the City to examine the barriers to infill development and offer incentives as needed, particularly with regards to policy changes (such as a streamlined process for infill townhome development permitting) that can enable developers to move forward quickly with projects in preferred growth corridors. Our membership has noted the financial and regulatory barriers to infill development, which in turn impact the City's ability to reach its residential infill development targets. Targeted infill development is necessary to realize the full potential of projects such as Bus Rapid Transit, but we stress that work remains to make infill development an attractive market to developers and industry.

Library

- We encourage the Library to clearly identify the long-term goals of its facilities and programming, and to ensure that a plan is in place to meet the needs of the community as it continues to grow and evolve. Further, we encourage the Library to ensure that future staffing needs and the services offered are in alignment with this plan.

Land Development

- The NSBA continues to advocate for increased transparency regarding the financial position of Saskatoon Land, particularly with regards to money returned to general revenues and capital from Saskatoon Land (including how such money is used if it is used for a specific purpose/to fund a specific project).
- It is noted that infill rates have declined from 2016 to 2017 yet Saskatoon Land's supply of residential and commercial land has increased in the same time period. It should be considered if and how this aligns with the City's infill targets. We would encourage disclosure of this within the final 2019 budget document.

Transportation

- Further details and context would be useful to understand both previous years' budget variances as well as future revenue and expenses projections. While transit rides per capita appear to have risen slightly year-over-year, anticipated revenue fell short of the target in 2017 and has been adjusted downward for 2019 vs 2018. Operating costs also continue to rise despite these revised revenue projections. We would encourage some additional disclosure regarding the long-term plan for transit and the funding of its operations.



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- Operating costs of the Bridges, Subways, and Overpasses service line has increased by 193.5%. This is another area where more detail and context is required as this increase does not seem to be adequately explained by the supporting information.
- As also noted in the section on Taxation and General Revenues, decreasing revenues from parking enforcement indicates a higher level of compliance with parking regulations, yet the budget calls for increased spending on enforcement. Enforcement of by-laws is required, but the City should not be increasing spending on enforcement as a way to increase revenue. Rather, the City should focus on continuing to provide easy-to-use technology (whether via the parking app or physical stations) to promote voluntary compliance.

As noted at the beginning of this submission, property taxes have consistently risen beyond the limits of the city's economic growth. This trend, above and beyond any of the line-by-line comments above, is worrisome and we insist that Council and Administration view balance between these two numbers (property tax increase and economic growth measurements) as being inextricably linked to the financial health of our city. As a result, we challenge Council and the Administration to find further efficiencies in productivity that will result in savings for the City and by extension bring these numbers back into balance.

We appreciate the time and effort Administration has put into the budget, and the time spent by Mayor and Council deliberating and approving the final budget. This is a significant undertaking, and we are happy to help provide insight where we can.

Sincerely,

Keith Moen
Executive Director



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