
2019 Business Plan and Budget Options

Recommendation

1. That \$2,549,000 in Business Plan and Budget options as outlined in Attachment 1 be allocated to the appropriate business and service lines;
2. That the civic operating contingency be utilized in order to address:
 - a. the \$182,200 shortfall from changes to electricity utility assumptions;
 - b. the \$122,000 adjustment to City Council remuneration; and
 - c. \$147,000 for the shortfall in the assessment growth assumption;
3. That the remaining Business Plan and Budget option funds of \$51,000 and remaining contingency of \$40,900 for a total of \$91,900 be utilized to reduce the property tax; and
4. That Saskatoon Light & Power's presented budget be adjusted to reflect the \$1,225,800 shortfall from changes to electricity rate assumptions.

Topic and Purpose

The purpose of this report is to receive City Council approval to allocate funds to the proposed 2019 Business Plan and Budget options. In addition, this report provides an update of the allocations against the previously held \$500,000 contingency based on new information. City Council will also need to determine the use of any unallocated amounts from either the options pool or the contingency.

Report Highlights

1. The Administration is recommending that the \$2,549,000 in Business Plan and Budget options be approved and funded within the 2019 Business Plan and Budget.
2. The Administration is recommending that adjustments of \$451,200 in changes to the 2019 Preliminary Business Plan and Budget be funded from the \$500,000 contingency held within the budget.
3. There are \$51,000 in unallocated funds from the Business Plan and Budget options pool and \$40,900 in unallocated contingency for a total of \$91,900 available to reduce the property tax (by 0.04%) or to reallocate to other initiatives to remain within the 4.50% property tax target.
4. A summarized list of the recommended capital projects to be funded from the Reserve for Capital Expenditures is listed in Schedule XV (page 281) of the Preliminary Business Plan and Budget document.

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 May 22, 2018, when considering a report of the CFO/General Manager, Asset and Financial Management Department, the Governance and Priorities Committee (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, the Committee then resolved to allocate \$500,000 towards a contingency to offset potential options, risks and decisions that may arise prior to Budget Deliberations. In addition, the Committee agreed to a prioritization process by Councillors to evaluate and rank operating and Reserve for Capital Expenditures (RCE) options.

The Administration presented the Committee with nearly \$8 million in Business Plan and Budget options for consideration. These options represent priority pressure points faced by the City, including such items such as new or increased services, and increased funding to asset management plans. In July 2018, Committee members reviewed and prioritized these options via a Business Plan Prioritization Survey.

At its meeting on August 20, 2018, when considering a report that provided the results of the prioritization process, Committee resolved, in part:

- “1. That the Governance and Priorities Committee refer the prioritized Business Plan initiatives to Administration for consideration into the 2019 Business Plan and Budget Process.”

Report

Operating Business Plan and 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 initiatives such as improving services to citizens and achieving priorities that are important to the community, as reflected by City Council's strategic priority areas.

The Administration then completed a final comprehensive review of the prioritization results from the Committee and made minor adjustments to develop the proposed list of initiatives (Attachment 1) totaling \$2,549,000 which are recommended to be added to the 2019 Business Plan and Budget. This will leave \$51,000 in unallocated funds from the options pool.

The adjustments that the Administration made from the presented listing on August 20, 2018 include:

- A reduction of \$30,000 to the ongoing Employee Engagement Survey funding to \$10,000/year in order to reduce the scope to an annual pulse survey;

- An increase of \$30,000 to the Performance Improvement Coordinators to a total of \$120,000 in order to fund two permanent positions to continue the continuous improvement work currently underway; and
- An addition of \$109,000 for a City Councillors' Assistant position, in line with the April 23, 2018 Committee resolution to add \$88,000 for an additional Councillors' Assistant position and \$21,000 for contingency to be used as additional support for Councillors should it be required.

Not included on the proposed list are the following:

- \$100,000 for Vision Zero funding and 1.00 full-time equivalent (FTE). As part of the original Business Plan and Budget options presented to Committee in June, a \$100,000 operating budget option for a Vision Zero Program Manager was considered, which is not currently included in the Administration's \$2,549,000 recommendation. Attachment 2 provides additional information, as requested by City Council on October 22, 2018.
- Funding for the Graffiti Removal Program in order to deliver the current service level. The report on Graffiti Removal Program Service Levels identifies the current service level and will explore further partnerships with Social Enterprise organizations to assist, which may reduce the need for additional funding but will be monitored in 2019.
- Funding of \$150,000 for the creation of 1.00 FTE and associated expenses to dedicate to the Low Emissions Community Implementation Plan as part of the larger Saskatoon Climate Change Mitigation Business Plan.

Operating Budget Contingency

The originally approved \$500,000 contingency is included in the Preliminary 2019 Business Plan and Budget document and is located in the following service lines:

- \$350,000 within Saskatoon Police Service to account for the additional allocation above the previously presented indicative rate; and
- \$150,000 within General Services for the remaining contingency.

Adjustments to the contingency since the printing of the Preliminary Budget document are as follows:

- \$182,200 to offset the impact of the Province not approving the anticipated SaskPower rate change;
- \$122,000 for Mayor and City Council remuneration;
- \$147,000 to offset for lower assessment growth than original anticipated; and
- (\$342,100) return to contingency based on Police Services' revised budget.

Details on each of the above changes are provided in Attachment 3. Following these adjustments, there is \$48,800 in contingency remaining, as illustrated below.

	Adjustment Amount	Contingency Balance
June 18 th Allocation		\$500,000
Police Budget Request	\$350,000	\$150,000
Revised Police Budget	(\$342,100)	\$492,100
SL&P Adjustment	\$182,200	\$309,900
Mayor & Council Remuneration	\$122,000	\$187,900
Assessment Growth	\$147,000	\$40,900

In addition to the unallocated balance of \$40,900, there is \$51,000 in unallocated Business Plan and Budget options, bringing the overall unallocated funds to \$99,800. City Council will have the ability to allocate this to offset any additional risks or reduce the property tax impact. Applying the full amount (\$91,900) would reduce the property tax by 0.04%.

The specific recommended Business Plan and Budget options are not reflected in the Preliminary Budget document. However, \$2,750,000 in allocations is currently being held within the General Services Service Line, reflecting \$2,600,000 in Business Plan and Budget options and \$150,000 in contingency as previously mentioned. These will be reallocated in the 2019 Approved Business Plan and Budget document pending the decisions of this report.

Capital Business Plan and Budget Options

Capital Business Plan and Budget Options were previously presented to Committee in August 2018. These options utilized funding from the Reserve for Capital Expenditures and have been included as funded projects in the appropriate business and service lines. A summarized list of the recommended capital projects to be funded by the Reserve for Capital Expenditures are listed in Schedule XV (page 281) of the Preliminary Business Plan and Budget document.

Options to the Recommendation

City Council has a variety of options under this report, including:

1. Provide Administration will alternate direction on where the \$2,600,000 in Business Plan and Budget options funding should be allocated. This could be to initiatives other than those listed in Attachment 1, or simply to reduce the property tax impact for 2019.
2. Provide Administration with alternate direction on how to treat the SL&P rate adjustment operating shortfall. This could include not utilizing the contingency currently being held; however, this would require reductions in other operating budget areas and potential impacts to service levels.

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.

Communication Plan

Approved changes to the 2019 Preliminary Business Plan and Budget will be incorporated into the final approved version, which is anticipated to be completed in early 2019. The approved document will be available on the City's website.

Financial Implications

Financial implications are outlined in this report.

Other Considerations/Implications

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

Due Date for Follow-up and/or Project Completion

Upon approval of the 2019 Preliminary Business Plan and Budget, the Administration will develop an Approved Business Plan and Budget for presentation to City Council in early 2019.

Public Notice

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

Attachments

1. 2019 Recommended Business Plan Options
2. Vision Zero Budget 2019 Request
3. Business Plan and Budget Options Contingency Information

Report Approval

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