

Business Plan and Budget Options Contingency Information

Saskatoon Police Service Budget

The Saskatoon Police Service (SPS) recently tabled their budget with the Board of Police Commissioners, which has different assumptions and budgetary requests than included in the preliminary document. This difference is due to continued refinements to estimates and service level projections late in the City's internal budget process, which did not allow for the document to be updated prior to release. The differences are included in the amounts shown below.

Item	Per the Preliminary Business Plan & Budget Document	Revised Figure
SPS Net Budget (in \$000's)	\$94,945.8	\$94,603.7
SPS FTE Increase	12.00	10.00

Depending on the Board's approval, the City will be tabling an administrative report at the Business Plan and Budget Review that will adjust the SPS Service Line in accordance with SPS's recommended budget, which at this time is assumed to be \$94,603,700 with ten new full-time equivalents (FTE).

The net impact to the budget as a result of this change is a return of \$342,100 in allocated contingency that was originally used to fund their initial request.

Saskatoon Light & Power Rate Changes

Saskatoon Light & Power's (SL&P) rate model follows that of SaskPower to ensure Saskatoon residents are treated equitably. The 2019 Preliminary Business Plan and Budget was based on a 3% rate increase assumption; however, SaskPower has advised that they do not intend to raise electricity rates in their upcoming 2019-2020 financial year. The impact on this assumption change has impacts on both SL&P's and the City's Operating Budgets. The impacts estimated impacts are as follows:

<u>SL&P Operating Budget Impact</u>	
Reduced Revenue	\$3,694,100
Less Reduced Bulk Power Cost	(\$1,964,400)
Less Reduced Grant-in-Lieu Contribution	(\$ 503,900)
Negative Operating Impact	\$1,225,800

<u>Civic Operating Budget Impact</u>	
Reduced Grant-in-Lieu Revenue	\$503,900
Less Reduced Street Lighting Costs	(\$281,700)
Less Reduced Civic Utility Costs	(\$ 40,000)
Negative Operating Impact	\$182,200

As seen above, both Operating Budgets will have negative impacts of \$1,225,800 and \$182,200 respectively. These budget impacts need to be addressed in order for City

Council to approve a balanced budget; therefore, the Administration is recommending that the following adjustments be made:

1. SL&P reduce the budgeted transfer to Electrical Distribution Replacement Reserve by \$1,225,800; and
2. The net civic operating impact of \$182,200 be addressed by utilizing a portion of the \$500,000 contingency currently being held.

Councillor Remuneration

Based on the direction received at the November 19, 2018 regular meeting of City Council, remuneration for the Mayor and City Council has been adjusted in order to offset the impact of the Federal Tax changes beginning January 1, 2019. There will be a \$122,000 impact to the City's Operating Budget as a result of this motion. The Administration is recommending utilizing a portion of the \$500,000 contingency in order to offset this impact.

Assessment Growth

One of the key remaining risks to the 2019 Business Plan and Budget is assessment growth. Assessment growth is the amount of new taxes that are included in the property tax base resulting from new and increased property values over the prior year. The 2019 Budget is based on building permit information, property assessment appeal decisions, approved economic incentives and estimated construction completion dates.

The 2019 assessment growth was estimated at \$3,000,000, but has been finalized at \$2,853,000. This difference of \$147,000 from budget is recommended to be funded through use of the contingency fund.