
2019 Business Plan and Budget Options

Recommendation

1. That \$500,000 be held in contingency from the available 2019 Business Plan and Budget options for funding to offset potential options, risks 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.

Topic and Purpose

The purpose of this report is to present the Governance and Priorities Committee (Committee) with 2019 Business Plan and Budget options, and to obtain approval for the establishment of a contingency fund and the prioritization process.

Report Highlights

1. In order to address City Council's strategic priorities, some initiatives can be completed within existing resources, some require annual operating funding, and others require one-time capital or project based funding.
2. A \$500,000 contingency is recommended as part of Committee allocations in order to mitigate future risks related to revenue assumptions, assessment growth or other initiatives that may arise between now and budget deliberations.
3. As per the previously approved property tax target of between 4.0% and 4.5%, there is approximately \$1.94 million to \$3.10 million in discretionary funds for Committee to apply to business plan operating options.
4. It is estimated that for 2019, \$2.45 million in Reserve for Capital Expenditures funding will be available for City Council's strategic priority projects.

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.”

Report

City Council Strategic Priorities

While maintaining day-to-day operations such as snow clearing, parks maintenance, road repair and transit services is an important focus for the Administration, continuing to make progress on City Council’s strategic priorities and improve the quality of life within Saskatoon forms a critical component of the annual Business Plan and Budget.

In order to address City Council’s strategic priorities, some initiatives can be completed within existing resources, some require annual operating funding, while others require one-time capital or project-based funding. The Administration has dedicated significant time over the last several months to form working groups to develop business plan initiatives that will help achieve City Council’s strategic priorities.

In addition to identifying new options or projects, the Administration is equally proud of the progress made to date in addressing City Council’s strategic priorities. Attachment 1 provides a summary of current initiatives underway that aim to achieve several of the strategic priorities that funding is either in place for already, or no additional funding is required.

Business Plan and Budget Operating Options

As previously presented to Committee, the estimated property tax increase required to maintain current service levels is 3.16%. A targeted property tax range between 4.0% and 4.5% will provide approximately \$1.94 million to \$3.10 million which Committee can allocate to support service level improvements and other initiatives related to City Council’s strategic priorities.

The Administration recommends that \$500,000 of available funds being allocated for Business Plan be set aside into a contingency for future consideration. These funds could be used for future options that may arise throughout the remainder of the year 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.

If Committee approves a \$500,000 contingency, approximately \$1.44 million to \$2.60 million will be available for Business Plan options.

Attachment 2 provides \$7.78 million in options for Committee to consider for implementation as part of the 2019 Business Plan and Budget process. Committee has the option to implement, defer, or in some cases phase-in a portion of the identified funding in order to achieve identified strategic priorities.

The Administration will survey Committee members regarding operating options in July and present the results to Committee at its meeting on August 20, 2018. The intent of the report is to present the list of 2019 initiatives for Committee to approve in principle, in order to give the Administration time to begin action planning for 2019 implementation.

Business Plan and Budget Capital Options

The City currently has over 100 different reserves with specific purposes and uses. The Administration prepares a capital budget for approval, in accordance with the applicable reserve policy and bylaw, as part of annual Business Plan and Budget Deliberations. However, City Council has established a Reserve for Capital Expenditures (RCE) that is discretionary in nature and is intended to provide flexibility in achieving City Council's strategic priorities.

It is estimated that \$2.45 million in RCE will be available for allocation as part of the 2019 Business Plan and Budget Deliberations. The Administration has prepared a listing of RCE potential projects for Committee's consideration and prioritization. A total of \$2.99 million in RCE projects has been identified and summarized in Attachment 3. Committee could also choose to allocate RCE funding to any unfunded project, either due to insufficient funding from another reserve, or no identified source of funding. Similar to the operating options, the Administration will survey Committee members regarding RCE options in July and present the results on August 20.

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

Options to the Recommendation

Option 1: Committee can choose not to establish a contingency fund. The Administration does not recommend this option as a contingency fund would provide flexibility for Committee to deal with unforeseen changes and/or future funding requests.

Option 2: Committee can choose not to approve the prioritization process. The Administration does not recommend this option as the July survey and August reporting was deemed an effective and transparent process to determine which operating and capital options to fund.

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

The Administration will present a report to Governance and Priorities Committee at its August 20, 2018 meeting outlining the results of the July operating and capital options prioritization surveys.

Public Notice

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

Attachments

1. Current Initiatives Underway to Achieve City Council's Strategic Priorities
2. 2019 Business Plan and Budget Operating Options
3. 2019 Reserve for Capital Expenditure Options

Report Approval

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