

INDICATIVE BUDGET

Media Technical Briefing
June 12, 2019



Background: 2020/2021 Multi-Year Budget

The City's new multi-year business plan and budget process has many benefits, including:

- better alignment of the City's longer-term goals and objectives through longer-term funding plans;
- improved financial stability, transparency and accountability over our investments and spending plan changes;
- greater certainty for residents about the future direction of property taxes in Saskatoon; and

Background: 2020/2021 Indicative Budget

- The indicative rate decision is meant as a guideline for the rest of the year.
- City Council will set the final budget and revisit the associated municipal property tax impact through the 2020/2021 Budget.

Step 1

Determine Cost to Maintain Service Levels



Step 2

Determine Property Tax Target



Step 3

Develop Corporate Business Plans to Achieve City Council's Priorities



Step 4

Incorporate Business Plans into the Business Plan and Budget

Report Highlights: Revenue Estimates

- User Fees \$510,000
- Own-source revenue \$3.59 million
- External revenue increases \$13.58 million
- Assessment growth property tax \$4.99 million

Report Highlights: Expenditure Estimates

- The City's 2020/2021 Indicative Budget includes increases of approximately \$28.70 million, or 7.08%.
- The City's **typical benchmark for expenditure growth is (inflation plus growth)**, estimated at **7.22%** for 2020 and 2021.

Report Highlights: Expenditure Changes

2020 and 2021 Total Expenditure Changes (Over 2 Years)			
Item	Civic	Police	Total
Expenditure Growth	\$11,191,000	-	\$11,191,000
Expenditure Inflation	\$17,071,000	-	\$17,071,000
Expenditure Base Budget Adjustments	\$441,000	\$8,860,000*	\$ 9,301,000
Total Expenditure Increase (\$)	\$28,703,000	\$8,860,000	\$37,563,000
Total Expenditure Increase (%)	7.08%	8.44%	7.36%

* A breakdown of Police expense projections for inflation, growth and base adjustments were not available at the time this report was written.

Report Highlights: Saskatoon Police Service

- Estimating a total of \$8.86 million in growth and inflationary expenditure requirements for 2020/2021.
- 8.44% overall increase largely related to estimated compensation costs.

Report Highlights: Continuous Improvement

The 2020/2021 Indicative Budget includes several CI estimates and processes such as:

- preliminary review and vetting of divisional budget requests resulting in over **\$4.0 million growth and inflation pressures** that will be addressed without budget allocations;
- **continued year round CI efforts** as included in the 2018 Saskatoon Strides – Report on Service, Savings and Sustainability (presented to GPC on June 17, 2019); and
- **continued implementation of major CI initiatives** such as enterprise resource planning (ERP), energy performance contracting, managed print and satellite yards for Public Works and Parks.

Property Tax Increases to Maintain Existing Services



- To address the identified revenue gap, municipal property tax has been calculated to be:
 - 2.94% in 2020
 - 3.17% in 2021

City Wide Organics & Landfill Shortfall

- City-Council direction to establish a city-wide organics program as well as correct Waste Services Base Budget Shortfalls with the phase-in of a 1.00% property tax contribution:
 - **3.94%** in 2020
 - **4.17%** in 2021
 - For the purposes of the Indicative Budget report, a 1.00% property tax change is estimated to be equivalent to \$2.44 million.

OPTIONS



Property Tax



Budget



City-wide Organics

RECOMMENDATION

Option 1

Property Tax increase of **less than 4%** for 2020 and 2021.

Option 2

Property Tax increase of **3.94%** for 2020 and **4.17%** for 2021.

- Consistent with public engagement results
- Allows the City to continue to implement the city-wide organics program.
- Focuses on maintaining existing service levels

Option 3

Property Tax increase of **more than 4%** for 2020 and 2021.

Report Highlights: Considerations

Recommended Option is:

- Consistent with public engagement results to balance budget with both user fees and taxation; and
- In keeping with funding existing service levels, resolve long term structural budget issues related to solid waste and provides the phase-in of funds for a city-wide organics program

Next Steps

- June 17th – GPC will set targeted property tax rates
- August GPC – the Administration will report to Committee on Business Plan Initiatives and any potential Budget Options
- September – Administration Finalizes the Budget
- October – Administration Releases the Preliminary Two Year Budget
- November 25-27, 2019 – City Council will debate the Business Plan and Budget