

# 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        |
| <b>Total Expenditure Increase (\$)</b>                 | <b>\$28,703,000</b> | <b>\$8,860,000</b> | <b>\$37,563,000</b> |
| <b>Total Expenditure Increase (%)</b>                  | <b>7.08%</b>        | <b>8.44%</b>       | <b>7.36%</b>        |

\* 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 17<sup>th</sup> – 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