

## Notice of Change – 2019 Preliminary Business Plan and Budget

October 24, 2018

The preparation of the 2019 Preliminary Business Plan and Budget book was made with the best information available to the Administration at the time of compilation. However, due to the time it takes to prepare the document, timing between the release of the document and City Council's Business Plan and Budget Review, assumptions and budgetary estimates can change. This is not uncommon and revisions have historically been brought forward through administrative reports or verbal updates.

The Administration felt it was important to identify key changes to Saskatoon Police Service's and Saskatoon Light & Power's budget which will be addressed through administrative reports when the Business Plan and Budget Review Agenda is released in mid-November.

On June 18, 2018, City Administration received direction from the Governance and Priorities Committee to hold a \$500,000 contingency within the 2018 Business Plan and Budget for items 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.

Both changes do not affect the tabled budgeted property tax of 4.5% as these are only adjustments to the contingency balance. As a result of two known late adjustments, the contingency will be adjusted as follows:

1. 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 their 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 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 the SPS 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.

2. Saskatoon Light & Power's (SL&P) rate model follows that of SaskPower, to ensure that residents of Saskatoon are treated equitably. The Preliminary 2019 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. This assumption change has the following impacts on both SL&P's and the Civic Operating Budget:

**Saskatoon Light & Power Operating Budget Impact**

Reduced Revenue	\$3,694,000
Less Reduced Bulk Power Cost	(\$1,964,000)
Less Reduced Grant-in-Lieu Contribution	(\$ 503,900)
<b>Negative Operating Impact</b>	<b>\$1,226,100</b>

**Civic Operating Budget Impact**

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

These impacts will be reflected in the preliminary budget through adjustments to SL&P's budget by reducing the transfer to capital reserves by a corresponding amount while the operating impact of \$182,200 will be offset by using an equal amount of contingency funds.

Net Impact to Contingency

	<b>Adjustment Amount</b>	<b>Contingency Balance</b>
June 18 <sup>th</sup> Allocation		\$500,000
Police Budget Request	\$342,100	\$157,900
Revised Police Budget	(\$342,100)	\$500,000
SL&P Adjustment	\$182,200	\$317,800

At its Business Plan and Budget Review, City Council will have the ability to allocate the remainder of this \$317,800 in contingency to offset any additional risks or reduce the overall property tax impact.