

<u>TITLE: 2013 Budget</u>	DATE: November 27th, 2012
	DEPARTMENT: Finance
CLEARANCES:	ATTACHMENTS: 2013 Budget Summary spreadsheet
Lonnie Kaal, Director of Finance Presenter _____ Date _____	
David Putz, CGA, City Manager _____ Date _____	

SUMMARY OF HISTORY/DISCUSSION & FUNDING:

The *Saskatchewan Consumer Price Index* projected for 2013 is 2.7%
 Council directed administration to prepare the **operating budget with a 2.5% tax increase.**

The senior management team has worked diligently to prepare the operating budget within the guidelines (2.5% capital plus 2.5% operating = 5% total tax increase).

Operating Budget Proposed

A 2.5% tax increase provides \$381,000 and all of this is going to maintain infrastructure.

The operating budget presented includes the following:

- | | |
|---|------------------|
| a) Road maintenance increase | \$95,000 |
| b) Inspect, camera and clean storm pipe | \$230,000 |
| c) Replace catch basins | <u>\$ 60,000</u> |
| Subtotal | \$385,000 |

The total of the additional maintenance equates to a 2.5% tax increase excluding cost increases for all other operations. ***Fortunately with the deletion of tax discounts and other revenue, only \$190,000 needs to be funded in order to realize the targeted tax increase.***

Storm & Catch Basins

- The storm network is 53km and the majority has never been inspected.
- Known problem spots are 8 km that exhibit reoccurring flooding.
- In 2011 and 2012 video inspection revealed pipe in problem areas were full of sedimentation and tree roots.

- 60 catch-basins have collapsed or have sink holes beside them and need to be replaced at an approximate cost of \$5,000 = \$300,000. A five year plan to replace known failures requires \$60,000/year.

In order to improve the storm network an additional \$230,000 + \$60,000 = \$290,000 is required.

- The \$230,000 will be used to inspect and clean roots and sediment out of known problem storm pipe. Given the vastness of the problem it will take \$1,600,000 to clean and inspect the entire drainage network. This amount will need to be budgeted for on an ongoing basis.
- The \$60,000 will replace the know problem catch basins over 5 years. Again, this will need to continue to be part of ongoing operating budgets to fix and maintain existing catch basins.

Drainage Capital

The capital budget included an increase of \$465,000 to be allocated towards paying for the **\$8,500,000 drainage plan** (Brodie pond, Dracup 1, 2 & 3 ponds).

	2012	2013	2013 Proposed
Capital budget allocated to drainage	\$665,000	\$1,130,000	\$940,000
Capital Projects	<u>\$5,262,650</u>	<u>\$ 640,000</u>	<u>\$640,000</u>
Internal Loan (Borrow)/Pymts	(4,597,650)	\$490,000	\$300,000

In order to keep the tax increase within 2.5% **we recommend decreasing the internal payment by \$190,000.** By so doing, the ponds would be paid in 2018 (6 years) as \$940,000 will go towards the internal loan in years where there is no capital instead of the planned \$1,130,000. The entire drainage plan will be brought back to Council to determine priorities once the engineering work is completed.

Highlights for the 2013 Budget are as follows:

- a) \$627,630 - Growth in tax revenue, crown surcharge revenue and municipal operating grants.
- b) \$78,000 – Planning/Engineering/Building Services - increase 1 staff & 1/2 yr contract for Engineering Projects and a Geographical Information Systems Database position.
- c) \$95,000 – Public Works - Increase Road Maintenance
- d) \$290,000 – Public Works – Storm Maintenance and Catch Basins
- e) \$25,000 – Parks – Increase Parks Maintenance
- f) The Landfill and Refuse Collection budgets require a **2.8% increase** in revenue to be self sufficient. Current garbage fees of \$8.70/month would increase \$0.25/mo = \$8.95/month. These rates will be established by bylaw.

- g) The Waterworks Utility expenditures have increased **3.0%** which will be offset by increased revenues. A bylaw representing a 3.0% water/sewer rate increase will be forthcoming.
- h) Annual debt payments are the same as in 2012 at \$1,800,045.
- i) Allocations to Reserves remain the same at **\$625,000**. By placing funds in reserves, future capital projects have some savings set aside for expenditures.
- j) Capital changed to \$2,796,000 from \$2,986,000 in 2013. (decrease \$190,000 from original capital budget). **Funds allocated to debt/capital/reserves are \$570,420 more than in 2012.**

Impacts of the proposed 2013 Budget

A combined 5% tax increase can be summarized as follows:

- Tax Growth and **1% tax increase to improve infrastructure** – Capital Budget
Capital Budget increase \$570,420
- Tax increase of **2.5% for additional maintenance of storm and roads** – Operating Budget

Storm Maintenance	\$290,000
Road Maintenance	<u>\$ 95,000</u>
Total	\$385,000
- Tax Increase of **1.5% for increased cost of operations** – Operating Budget
Actual cost of providing same services requires 3% more funds and fortunately other revenue (grants, surcharges, no discounts) have helped to keep this increase to 1.5%.

An average home in Yorkton is currently assessed at \$100,000 and a **5% tax increase equates to \$62.00/year**. With the Province wide re-assessment occurring in 2013, tax policy and recommendations will be brought when the analysis has been completed.

Options:

- 1) Approve the 2013 Operating Budget as presented in the attached schedules for a net operating total of 18,008,825 which leaves \$4,334,180 for debt/capital/reserves.
- 2) Provide alternate direction to administration to amend the budget amounts.
- 3) Table the operating budget until December 17th, 2012.

RECOMMENDATION:

- 1) **That the 2013 Operating Budget with net department expenditures of \$18,008,825 approved and further that**
- 2) **The 2013 Capital budget be amended such that the allocation to drainage be reduced from \$1,130,000 to \$940,000.**

Budget 2013

Tax Increase 5%

Revenue	Actual 2011	Budget 2012	Budget 2013	Change Budget 2012 to 2013	
				%	Dollars
Taxes incl GIL properties	\$14,367,002	\$14,835,470	\$15,242,000	2.74%	\$406,530
Increase Taxes for capital		\$0	\$152,400	1.00%	\$152,400
Increase for Storm/Road Maintenance			\$381,000	2.50%	\$381,000
Increase Taxes for operating			\$228,600	1.50%	\$228,600
Other - Land Profits etc	\$0	\$0	\$0	0.00%	\$0
Delete Tax Discounts			\$80,000		\$80,000
Surcharges - Crowns GIL	\$3,390,030	\$3,335,000	\$3,430,000	2.85%	\$95,000
(Interest/Surcharge Incentives)	(\$156,733)	(\$345,000)	(\$365,000)		(\$20,000)
Provincial Revenue Sharing	\$2,813,782	\$3,133,900	\$3,200,000	2.11%	\$66,100
Total Tax & Grant Revenue	\$20,414,081	\$20,959,370	\$22,349,000	6.63%	\$1,389,630

Growth

Department	2011 Actual	Net Operating 2012	Net Operating 2013	Change Budget 2012 to 2013	
General				%	Dollars
Misc/ BID grant	\$207,566	\$200,000	\$200,000	0.00%	\$0
Legislative/Council	\$461,103	\$482,790	\$504,690	4.54%	\$21,900
Admin/Bylaw	\$2,324,064	\$2,447,580	\$2,559,505	4.57%	\$111,925
Subtotal	\$2,992,733	\$3,130,370	\$3,264,195	4.28%	\$133,825

Protective Services				%	Dollars
Fire	\$2,258,338	\$2,376,145	\$2,377,770	0.07%	\$1,625
RCMP	\$3,218,970	\$3,326,425	\$3,371,850	1.37%	\$45,425
Subtotal	\$5,477,308	\$5,702,570	\$5,749,620	0.83%	\$47,050

Community Development - Parks & Rec				%	Dollars
Cemetery	\$0	\$0	\$0	0.00%	\$0
Deer Park	\$104,047	\$136,500	\$141,795	3.88%	\$5,295
Library	\$490,885	\$474,895	\$515,095	8.47%	\$40,200
Leisure Admin & Programs	\$424,256	\$457,650	\$374,075	-18.26%	(\$83,575)
Leisure Facilities	\$139,357	\$134,250	\$134,020	-0.17%	(\$230)
Leisure Outdoor & Parks	\$878,405	\$1,058,600	\$1,227,125	15.92%	\$168,525
Subtotal	\$2,036,950	\$2,261,895	\$2,392,110	5.76%	\$130,215

Water Park	\$587,404	\$599,865	\$583,685	-2.70%	(\$16,180)
Gallagher Centre	\$952,334	\$843,290	\$885,010	4.95%	\$41,720
Subtotal	\$1,539,738	\$1,443,155	\$1,468,695	1.77%	\$25,540

Engineering & Planning				%	Dollars
Planning/Eng/Bldg/Econ	\$956,706	\$1,041,620	\$1,173,090	12.62%	\$131,470
Consulting	\$100,000	\$85,000	\$55,000		(\$30,000)
Transit	\$163,028	\$249,100	\$254,200	2.05%	\$5,100
Airport	\$143,336	\$133,000	\$152,015	14.30%	\$19,015
Subtotal	\$1,363,070	\$1,508,720	\$1,634,305	8.32%	\$125,585

*Was \$30 Admin \$55 Planning

Public Works	\$3,259,651	\$3,148,900	\$3,214,900	2.10%	\$66,000
PW - Inspect, Camera and Clean Storm			\$230,000		\$230,000
PW -5 yr plan - Replace 60 catch basins @ \$5,000			\$60,000		\$60,000
PW - Increase Road Maintenance			\$95,000		\$95,000
Subtotal			\$3,599,900	14.3%	\$451,000

Environmental Services				%	Dollars
Landfill/Garbage	\$0	\$0	\$0	0.00%	\$0
Residential Garbage	\$0	\$0	\$0	0.00%	\$0
Water	\$0	\$0	(\$100,000)	0.00%	(\$100,000)
Subtotal	\$0	\$0	(\$100,000)	0.00%	(\$100,000)

TOTAL DEPT OPERATING	\$16,669,450	\$17,195,610	\$18,008,825	4.73%	\$813,215
-----------------------------	---------------------	---------------------	---------------------	--------------	------------------

NET BEFORE DEBT/CAPITAL	\$3,744,631	\$3,763,760	\$4,340,175	15.31%	\$576,415
-------------------------	-------------	-------------	-------------	--------	-----------

Debt/Capital/Reserves				%	Dollars
Gallagher Centre -debt	\$1,151,254	\$1,151,255	\$1,151,255	0.00%	\$0
Fire Hall Future -debt	\$648,789	\$648,790	\$648,790	0.00%	\$0

		\$1,800,045	\$1,800,045		
Reserve Allocation	\$625,000	\$625,000	\$625,000		\$0
Fuel Grant to offset Capital	(\$905,108)	(\$905,285)	(\$886,865)		\$18,420

Capital Drainage	\$800,000	\$665,000	\$940,000		\$275,000
Capital incl Airport	\$1,312,333	\$1,579,000	\$1,856,000	17.54%	\$277,000
Subtotal Capital	\$2,112,333	\$2,244,000	\$2,796,000		
Subtotal Debt/Capital/Reserves	\$3,632,268	\$3,763,760	\$4,334,180	15.16%	\$570,420

NET REV LESS EXPENSE	\$112,363	\$0	\$5,995		\$5,995
----------------------	-----------	-----	---------	--	---------

2013 CAPITAL BUDGET

Revised December 2012

2012 Capital Budget	\$2,244,000
2013 Tax Increase 1.0%	\$152,400
Estimated Tax Growth 2.7%	\$400,000
Total	\$2,796,400

Corporate Priority	Project	SOURCE OF FUNDING				From Capital Budget
		Total Cost	Transfer From Reserves	Gov't Grants & Other	Debt or Other	

2013 Fully Funded and Planned New Projects

pg#	Dept	Description	Total Cost	Transfer From Reserves	Gov't Grants & Other	Debt or Other	From Capital Budget	
rollover	1	CD	Revise Kinsmen de-humidification from 2012	\$145,000	(\$145,000)			\$0
FF	2	Fire	Fire Engine #3	\$670,000	\$0		(\$670,000)	\$0
FF	3	Transit	Abilities Bus \$100,000 & Bus Stop Replcmt	\$130,000	(\$60,000)	(\$70,000)	\$0	\$0
FF	4	Fleet	2 tractor/trailers, 2 half-tons, water truck, smal	\$645,000	(\$631,500)		(\$13,500)	\$0
FF		Landfill		\$0	\$0			\$0
			\$1,445,000	(\$691,500)	(\$70,000)	(\$683,500)	\$0	

Waterworks Funded from Utility

FF	pg#	Dept	Description	Cost	Reserves	Grants	DEBT
FF	5	Waterwks	Well 16 - Property	\$100,000	(\$100,000)		\$0
FF	6	Waterwks	Wastewater - Primary Digester Repair	\$500,000	(\$500,000)		\$0
FF		Waterwks	Allocate Surplus to Distribution Reserves	\$400,000	(\$400,000)		\$0
			\$1,000,000	(\$1,000,000)	\$0	\$0	\$0

Drainage Plan includes \$8,575,000 for the construction of 4 ponds

Funding from Capital Budget \$665,000 + 2013 tax increase \$275,000 = \$940,000

5 yr Plan	pg#	Dept	Description	Cost	Reserves	Grants	Other	Capital
	7	Planning	Debt Carry over from 2012	\$0	\$0		(\$4,630,000)	\$0
5 yr Plan	7	Planning	2013 Design Storm Pond #2 Dracup West	\$400,000	\$0			\$400,000
5 yr Plan	7	Planning	Harris Subdivision - Construct Storm Sewer	\$240,000	\$0			\$240,000
5 yr Plan		Planning	Reduce previous years internal debt		\$0		\$300,000	\$300,000
			Total Allocated for Drainage Capital	\$640,000	\$0	\$0	\$300,000	\$940,000

2013 Capital Projects - Corporate Priority

pg#	Dept	Description	New Projects	Reserves	Grants	Other	Capital
1	8	Public Wks	Public Works - Snow Dump Site	\$500,000		\$0	\$500,000
2	9	Planning	Expand Taxiway \$265,000 Papi Lighting \$80,000	\$550,000		(\$275,000)	\$275,000
3	10	Public Wks	Public Works Facility - Needs Assessment	\$305,000			\$305,000
4	11	Gallagher	Gallagher Centre Sound System	\$125,000	(\$50,000)		\$75,000
5	12	Public Wks	PW - Broadway Recap (8th to CN Tracks)	\$700,000		(\$250,000)	\$450,000
6	13	CD	Weinmaster Park - Accessible Playground	\$300,000	(\$100,000)		\$150,000
7	14	CD	CDev - Logan Green Sportfield Irrigation	\$120,000	(\$19,000)		\$101,000
			\$2,600,000	(\$169,000)	(\$275,000)	(\$300,000)	\$1,856,000
TOTAL			\$5,985,000	(\$1,860,500)	(\$345,000)	(\$983,500)	\$2,796,000

RESERVES

Allocations same as 2012 Budget

Admin	City Wide Consulting/Study Reserve			\$25,000
Fire	Fire Truck or equipment reserves			\$30,000
Fire	Fire Hall - reserves			\$20,000
PW	City Wide Facility Reserves			\$100,000
PW	Arterial Road Reserves			\$50,000
General	General Capital Reserves - Council (Facility)			\$100,000
Planning	Airport - Reserve			\$50,000
Planning	Traffic Control - Reserve			\$20,000
Parks	Neighborhood Parks			\$80,000
GC	GC - Building Reserve			\$150,000
TOTAL				\$625,000

DEBT

Internal Debt

	Payments	Years Left	Matures	Owing Dec 2012
Deer Park - 1999	\$82,000	1.5 yrs	2014	\$106,627
Fire Truck - 2009	\$176,963	1 yr	2013	\$170,979
Library - 2004	\$72,144	3 yrs	2015	\$202,124
Library - 2011	\$15,250+\$72,144	11 yrs	2023	\$610,000
Payments included in operations	\$346,357			\$1,089,730

External Debt

	Payments	Years Left	Matures	Owing Dec 2012
Gallagher Centre - 2004	\$672,012	7 yrs	2019	\$3,918,713
Gallagher Centre - 2005	\$479,242	8 yrs	2020	\$3,122,662
Fire Hall - 2010	\$648,790	13 yrs	2025	\$6,547,461
	\$1,800,044			\$13,588,836
Land Development (SIGI loan)	\$0	1 yr	2013	\$2,000,000
Waterworks (SIGI loan)	\$0	2 yrs	2014	\$3,000,000
Waterworks 2006	\$637,000	4 yrs	2016	\$2,024,000
Waterworks 2008	\$909,920	11 yrs	2023	\$7,893,000
Payments funded from Utility & Other	\$1,546,920			\$14,917,000
Total External Debt				\$28,505,836

Debt Limit established in 2006 is \$42,000,000

Debt Available \$13,494,164