

<u>TITLE: 2014 Budget</u>	DATE: October 9 th , 2013
	DEPARTMENT: Finance
CLEARANCES:	ATTACHMENTS: 2014 Operating and Capital Budget Summary spreadsheets
Lonnie Kaal, Director of Finance Presenter Date	
David Putz, CGA, City Manager _____ Date	

SUMMARY OF HISTORY/DISCUSSION & FUNDING:

The *Saskatchewan Consumer Price Index between August 2012 and August 2013 is 1.2%*.

Operating Costs are increasing more than CPI given rising fuel, contract and labor costs. When applying tax growth and increased grants to the **operating budget, a 1.0% tax increase** is required.

The Capital Budget requires additional dollars to improve the state of the City’s assets, namely streets, drainage and facilities. The **capital budget requires a 4.5% tax increase**.

The senior management team has worked diligently to prepare the 2014 budget within the guidelines (1.0% operating + 4.5% capital = 5.5% total tax increase).

1. OPERATING BUDGET - Proposed

Council previously approved the addition of 1 RCMP member \$120,000.

As our City grows there are more kilometers of streets to maintain and additional acres of grass to cut. Additional costs are \$292,000.

- a) Snow Removal \$150,000
 - b) Street Cleaning \$ 62,000
 - c) Street Re-surfacing & Line Painting \$ 55,000
 - d) Grass Cutting \$ 25,000
- \$292,000

a) Snow Removal- \$150,000

- 6 km of new streets
- Increased cost of tandem truck rates for fleet rentals
- New snow dump maintenance
- Back alley snow removal due to front curb garbage pickup

- b) Street Cleaning - \$62,000
- 6.4 km of new streets added in last 3 years
 - Downtown – 1 time per month
 - Other – 2 times per year (spring & fall)
- c) Street Re-surfacing & Line Painting - \$55,000
- New Environment regulations limiting Volatile Organic Compound in traffic paint results in paint wearing off much faster.
 - Paint entire city 3 times per year
 - Plan to increase re-surfacing maintenance on an annual basis to improve condition of overall pavement.
- d) Grass Cutting - \$25,000
- Additional 22 acres of grass to cut.

2. CAPITAL BUDGET Proposed

The capital budget requires additional dollars to upgrade and replace existing worn out assets. Capital Projects requiring tax dollars of \$3,580,000 are proposed in 2014. This represents an increase of \$784,000 over last year but given the major projects coming forward, the capital budget has to be increased.

a) Drainage - \$1,560,000

Significant dollars have been allocated to drainage in recent years and the costs continue. In 2014 almost half the entire capital budget has been allocated to drainage ponds, channels, ditches and culverts. Upon completion of the following projects, a loan of some \$10,000,000 will be required.

Internal Loan from 2013	\$ 4,539,780
Projects 2014 to 2017	
College - Dracup Channel - 2014	\$ 845,000
Dracup Channel - 2014	\$ 1,300,000
Outfall Improvements - Hwy #9 & Culverts	\$ 2,000,000
Victoria Ditch Upgrade	\$ 1,500,000
Victoria Ditch Culvert Upgrade	\$ 1,800,000
Laurier Maple (under Broadway to Victoria)	\$ 3,295,000
Finance with Broadway Project	\$ (3,295,000)
Connect Brodie to Victoria Ditch	\$ 1,748,000
Subtotal	\$ 9,193,000
Total Loan Required	\$ 13,732,780
Annual Allocation 2014	\$ (1,560,000)
Annual Allocation 2015	\$ (1,560,000)
BORROW	\$ 10,612,780

b) Intersections, Road Construction, Curb & Sidewalks - \$1,122,000

The following projects including cost less funds from reserves are planned for 2014.

1) Highway #9 & Hamilton Dr. Intersection Upgrade: $\$487,000 - \$65,000 = \$422,000$
This intersection was poorly designed and the upgrades include 2 additional lanes for east/west traffic and relocating existing traffic poles,.

2) Broadway Reconstruction – pre-design: $\$850,000 - \$600,000 = \$250,000$
The objective is to have the project designed in order to apply for a grant (Building Canada Fund). The total project cost including underground utilities is around \$40,000,000 and grant funding will be required in order to proceed with this project.

3) Road Construction/Curb and Gutter: \$450,000
The priority of the streets to be done will be detailed in a future document.

c) Orkney Bridge Repair, Culverts underneath Highway #9 - \$400,000

d) Public Works Building Pre-Design - $\$540,000 - \$305,000 = \$235,000$
Pre-design will explore future need requirements including the possibility of relocating the parks shop. The objective will be to refine capital costs estimates.

e) Airport - \$65,000 and Other - \$198,000
Airport runway improvements with matching grant funds.
Other projects include Kinsmen maintenance, IT storage, Off Lease Recreation Area, and Deer Park furnace.

The City has made good progress increasing the capital budget to maintain and replace existing assets. We include debt and reserve transfers in this portion of the budget because when debt is paid, these funds could be used to replace capital assets and similarly, allocations to reserves can be used to offset capital costs.

All cities will require more funding for capital improvements to fix infrastructure as we go forward. Yorkton has made good progress in this regard when looking at dollars available for the capital budget.

	Debt	Reserves/Capital	Total
2007	\$1,700,000		\$2,816,000
2008	\$1,850,000		\$3,235,780
2009	\$2,000,000		\$3,863,590
2010	\$2,000,000	\$416,000	\$4,217,000
2011	\$1,800,045	\$625,000	\$4,301,045
2012	\$1,800,045	\$625,000	\$4,669,045
2013	\$1,800,045	\$625,000	\$5,221,045
2014*	\$1,800,045	\$785,000	\$6,165,045

*budget proposed

Yorkton has doubled the amount of funds dedicated to capital in the last 7 years.

Facilities including the Gallagher Centre, Fire Hall and Water Treatment Plant have been completed. Recent increases have funded the Drainage Plan.

Future requirements include the *Public Works Building* and *Roads* in conjunction with underground *water/sewer and storm pipe*. This will require additional funding and increases to the capital budget in 2015/2016 and 2017.

3. BUDGET SUMMARY

- a) \$1,256,000 - Growth in tax revenue, crown surcharge revenue and municipal operating grants.
- b) \$120,000 – add 1 RCMP member (up from 27 to 28 members)
- c) \$317,000 – Public Works – snow removal, street cleaning, heated storage, pave streets and line painting.
- d) \$68,000 – Community Development Parks & Recreation/Deer Park - grass cutting & fleet charges
- e) \$56,000 – Planning & Engineering – street lighting, traffic control and consulting
- f) \$18,000 – People Resources - ¼ person Admin & 1/10th person Community Development
- g) The Landfill and Refuse Collection budgets require an **18.5% increase** in revenue to be self sufficient. This increase is a reflection of actual tonnage of residential garbage entering the landfill.

	2013 Monthly Rate	Increase	2014 Monthly Rate
Residential	\$8.95	\$1.65	\$10.60
Multi-Unit Levy	\$7.15	\$1.30	\$ 8.45

- h) The Waterworks Utility expenditures have increased 4.3% , due to increases in rental rates of equipment. This increase is partially offset by growth in revenues. A bylaw representing a **3.0% water/sewer rate increase** will be forthcoming.
- i) Annual debt payments are the same as in 2013 at \$1,800,045.
- j) Allocations to Reserves remain the same at **\$625,000** with the possible addition in tax growth \$80,000 being allocated to surplus reserves. By placing funds in reserves, future capital projects have some savings set aside for expenditures.
- k) Capital increased to \$3,580,000 in 2014. **Funds allocated to debt/capital/reserves are \$864,000 more than in 2013.**

Impacts of the proposed 2014 Budget

A combined 5.5% tax increase can be summarized as follows:

- Capital Budget – Infrastructure Improvements
Funded completely by a 4.5% tax increase
Capital Budget increase \$864,000 which is 20.0% more than 2013
- Operating Budget- Provide same services and additional maintenance
Funded by tax growth and increased grants and a 1.0% tax increase
Operating Budget increase \$1,320,575 which is 7.33% more than 2013

An average home in Yorkton is currently assessed at \$200,000 and a *5.5% tax increase equates to \$72.00/year.*

Options:

- 1) Approve the 2014 Operating and Capital Budget as presented in the attached schedules for a net operating total of 19,329,400 which leaves \$5,198,180 for debt/capital/reserves.
- 2) Provide alternate direction to administration to amend the budget amounts.
- 3) Table the budget until November 4th, 2013

RECOMMENDATION:

- 1) That the 2014 Operating Budget be approved as presented in the attached schedules with net department expenditures of \$19,329,400 and further that
- 2) The 2014 Capital budget requiring funding from taxes of \$5,198,180 be approved as presented including federal grants of \$886,865 with debt payments of \$1,800,045, allocation to reserves of \$705,000 and total new capital projects of \$6,178,500 (as depicted in the attached spreadsheet with a net cost to the capital budget of \$3,580,000).

Budget 2014

FINAL

	Actual 2012	Budget 2013	Budget 2014
Revenue			\$16,870,000
Taxes incl GIL properties	\$14,941,876	\$16,004,000	\$16,624,000
Tax Growth		\$0	\$246,000
Increase Taxes			\$923,000
Other - Land Profits etc	\$41,885	\$0	\$0
Interest		\$80,000	\$105,000
Surcharges - Crowns GIL (Surcharge Incentives)	\$3,314,632	\$3,430,000	\$3,525,000
Municipal Operating Grant	(\$226,369)	(\$365,000)	(\$395,000)
Total Tax & Grant Revenue	\$2,971,527	\$3,200,000	\$3,500,000
	\$21,043,551	\$22,349,000	\$24,528,000

Change Budget 2013 to 2014

%	Dollars	
3.87%	\$620,000	LDM Foods
1.48%	\$246,000	Growth
5.47%	\$923,000	
0.00%	\$0	
	\$25,000	
2.77%	\$95,000	
8.22%	(\$30,000)	
9.38%	\$300,000	
9.75%	\$2,179,000	
	\$1,256,000	excluding tax increase

Changes to "same as" operations From Last Years Budget

2014 compared to 2013

denotes different service level along with increased costs

Taxes	\$ 866,000	Tax Growth & end of incentives
Interest/Surcharge	\$ 65,000	Increase in surcharge revenue (after offset incentives)
Tax Increase	\$ 923,000	
MOG	\$ 300,000	Increase municipal operating grant
Interest/Discount	\$ 25,000	Reduce Tax Incentives \$25,000
Total (Capital)	\$ 2,179,000	
	(\$864,000)	Presently allocated to Capital (\$620,000 for drainage plus other)
	\$ 1,315,000	Presently available for operations (8.2% increase)

Department 2012 Actual Net Operating 2013 Net Operating 2014

General	2012 Actual	Net Operating 2013	Net Operating 2014
Misc/ BID grant	\$203,146	\$200,000	\$200,000
Legislative/Council	\$488,097	\$504,690	\$523,980
Admin/Bylaw	\$2,502,169	\$2,559,505	\$2,704,850
Subtotal	\$3,193,412	\$3,264,195	\$3,428,830

Change Budget 2013 to 2014	%	Dollars	
	0.00%	\$0	
	3.82%	\$19,290	3.82%
	5.68%	\$145,345	5.17%
	5.04%	\$164,635	

Legislative	\$0	Allowed for increase remuneration in 2013
Administration	\$ 12,950	Add .28 FTE (admin assistants) 1 hr/day for 2
	\$ -	\$50,000 Contract for web take from Economic promotion budget
	\$ -	Add 2/5's person to payroll \$17,500
	\$ 12,950	

Protective Services

Fire	\$2,211,328	\$2,377,770	\$2,449,805
RCMP	\$3,218,990	\$3,371,850	\$3,610,575
Subtotal	\$5,430,318	\$5,749,620	\$6,060,380

	3.03%	\$72,035	3.03%
	7.08%	\$238,725	3.52%
	5.40%	\$310,760	

Fire	\$0	
	\$ -	
RCMP	\$ 120,000	RCMP add 1 member

Community Development - Parks & Rec

Cemetery	\$0	\$0	\$0
Deer Park	\$178,821	\$141,795	\$168,000
Library	\$524,078	\$515,095	\$525,300
Leisure Admin & Programs	\$370,680	\$374,075	\$412,600
Leisure Facilities	\$137,292	\$134,020	\$135,900
Leisure Outdoor & Parks	\$1,136,376	\$1,227,125	\$1,337,350
Subtotal	\$2,347,247	\$2,392,110	\$2,579,150

	0.00%	\$0	
	18.48%	\$26,205	0.85%
	1.98%	\$10,205	1.98%
	10.30%	\$38,525	3.08%
	1.40%	\$1,880	1.40%
	8.98%	\$110,225	5.48%
	7.82%	\$187,040	

Deer Park	\$25,000	allocation to fleet
Library	\$ -	Levy increase 2.5%
Community Dev	\$ 10,000	Department wide benefits
	\$ 5,000	Increase Casual & replacement for Carla for 5 weeks
	\$ 12,000	Increase Director Salary (offset by decreased Gallagher Centre)
	\$ 27,000	

Water Park	\$521,649	\$583,685	\$649,450
Gallagher Centre	\$1,059,746	\$885,010	\$938,085
Subtotal	\$1,581,395	\$1,468,695	\$1,587,535

	11.27%	\$65,765	11.27%
	6.00%	\$53,075	6.00%
	8.09%	\$118,840	

Facilities	\$ -	
Outdoor /Parks	\$ 18,000	Fleet Rentals
	\$ 10,000	Grass cutting & Ball diamonds - more acres to cut
	\$ 15,000	Grass Cutting new soccer fields - more acres to cut
	\$ 43,000	

Engineering & Planning

Planning/Eng/Bldg/Econ	\$931,136	\$1,173,090	\$1,176,420
Consulting	\$129,560	\$55,000	\$75,000
Traffic Control & Street Lighting	\$708,904	\$596,900	\$647,800
Transit	\$249,100	\$254,200	\$260,865
Airport	\$191,991	\$152,015	\$157,200
Subtotal	\$2,210,691	\$2,231,205	\$2,317,285

	0.28%	\$3,330	0.28%
	36.36%	\$20,000	0.00%
	8.53%	\$50,900	2.50%
	2.62%	\$6,665	2.62%
	3.41%	\$5,185	3.41%
	3.86%	\$86,080	

Waterpark	\$0	changed some salary groupings
Gallagher Centre	\$ -	budget based on actuals (see 2012)

Public Works

	\$2,682,752	\$3,003,000	\$3,456,220
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	15.09%	\$453,220	4.54%
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Planning & Eng	\$27,000	Street lighting - power \$15,000 mtl & supply \$12,000
	\$9,000	Traffic control 35 vs 26 increase in mtl & supply
	\$20,000	Consulting increase from \$55 to \$75
	\$ 56,000	

Environmental Services

Landfill/Garbage	\$0	\$0	\$0
Residential Garbage	\$0	\$0	\$0
Water	\$0	(\$100,000)	(\$100,000)
Subtotal	\$0	(\$100,000)	(\$100,000)

	0.00%	\$0	
	0.00%	\$0	
	0.00%	\$0	
	0.00%	\$0	

Other	\$ -	\$75,000 Parks & Rec Master Plan contracted professional fees funded from reserves
Transit	\$ -	Extra Revenue from Advertising on Buses compensates for bus shelter maintenance

TOTAL DEPT OPERATING	\$17,445,815	\$18,008,825	\$19,329,400	7.33%	\$1,320,575	7.33%
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2014 CAPITAL BUDGET

FINAL

2013 Capital Budget	\$2,796,000
2014 Add LDM Foods	\$620,000
Estimated Tax Growth 1%	\$164,000
	\$3,580,000

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

2014 Fully Funded and Planned New Projects

pg#	Dept	Description	Cost	Reserves	Grants	Debt	Capital Budget
FF 1	Admin	Fibre Cable - City Hall to Fire Hall	\$40,000	(\$40,000)			\$0
FF 3	Fire	Fire Hall - Hose Tower	\$15,000	(\$15,000)	\$0	\$0	\$0
FF 4	CD - P&R	Cemetery Expansion	\$570,000			(\$570,000)	\$0
FF 5	CD - P&R	Cemetery Storage - Engineering & Design	\$60,000			(\$60,000)	\$0
FF 6	CD - P&R	Cemetery Dump Trailer	\$11,000	(\$11,000)			\$0
FF 7	CD - P&R	Pathways - Collacott (funded from forestry reserve)	\$100,000	(\$100,000)			\$0
FF 8	CD - P&R	Stump Grinder	\$36,000	(\$27,750)		(\$8,250)	\$0
FF 9	Gallagher	Gallagher Centre - signage	\$10,000	(\$10,000)			\$0
FF 10	Public Wks	PW Fleet - Tractor, Street Sweeper, 1 ton & Gravel tr	\$802,000	(\$710,500)		(\$91,500)	\$0
FF	Facilities	City Wide Facilities - annual \$100,000	\$100,000	(\$100,000)			\$0
			\$1,704,000	(\$974,250)	\$0	(\$729,750)	\$0

Waterworks Funded from Utility

FF	Dept	Description	Cost	Reserves	Grants	Debt
FF 11	Waterwks	Wastewater - Secondary Digester Repair	\$500,000	(\$500,000)		\$0
FF 12	Waterwks	Mater Plan - Wastewater Treatment Plant	\$200,000	(\$200,000)		
FF	Waterwks	Allocate Surplus to Distribution Reserves	\$300,000	(\$300,000)		\$0
			\$1,000,000	(\$1,000,000)	\$0	\$0

Drainage Plan includes \$620,000 increase in 2014

Funding from Capital Budget \$940,000 + 2014 tax increase \$620,000 = \$1,560,000

5 yr Plan	Dept	Description	Cost	Reserves	Grants	Debt
5 yr Plan 13	Planning	Carry over from 2012	\$0	\$0		\$4,432,280
5 yr Plan 13	Planning	2013 funding \$940,000 - projects \$1,047,500	\$107,500	\$0		\$107,500
5 yr Plan 13	Planning	2014 Dracup	\$200,000	\$0		\$0
5 yr Plan 13	Planning	Funds required to reduce debt	\$0	\$0		(\$1,360,000)
Total Allocated Drainage Projects			\$307,500	\$0	\$0	\$3,179,780

NET AVAILABLE for City Capital Excluding Drainage

\$2,020,000

2014 Capital Projects - Corporate Priority

pg#	Dept	Description	New Projects revised	Reserves	Grants	Other	Capital
	Other	DP Loan Pymt diff (82 - 25) to reserves	\$0	\$57,000		(\$57,000)	\$0
1	Public Wks	RM Orkney #255 - Bridge Repair - 2 piles	\$100,000				\$100,000
2	CD - P&R	Deer Park - Clubhouse Furnace	\$15,000				\$15,000
1	Facilities	PW - Building Pre-Design 2013 rollover of \$305,000	\$540,000	(\$305,000)			\$235,000
1	Admin	IT - Storage Array	\$60,000			\$0	\$60,000
1	CD - P&R	Kinsmen Arena Upgrade	\$210,000	(\$112,000)			\$98,000
1	Planning	Hwy #9 & Hamilton Drive Intersection Upgrade	\$487,000	(\$65,000)			\$422,000
2	Public Wks	Broadway Reconstruction - pre-design roll \$600,000	\$850,000	(\$600,000)			\$250,000
3	CD - P&R	Off Leash Recreation Area	\$25,000	\$0			\$25,000
3	Public Wks	Road Construction - Various Ongoing	\$250,000				\$250,000
4	Public Wks	Curb & Gutter Reconstruction - Various Ongoing	\$200,000				\$200,000
3	Planning	Airport - Crack Sealing \$50,000 + Grant \$50,000	\$130,000	\$0		(\$65,000)	\$65,000
2	Planning	Culvert & Bridge Replacement	\$300,000	\$0			\$300,000
			\$3,167,000	(\$1,025,000)	\$0	(\$122,000)	\$2,020,000
TOTAL			\$6,178,500	(\$2,999,250)	\$0	\$2,328,030	\$3,580,000

xc

Servicing for Growth

	Dept	Description	Drainage Plan	Off Site Levies	Direct Servicing	Fr Land Reserves	
1	33	Planning	College Servicing & Dracup Renewal	\$4,964,282	(\$1,670,000)	(\$2,017,372)	(\$434,370)
4	34	Planning	Riverside Terrace Water Loop	\$305,000	\$0		
2	35	Planning	Potzus Industrial Servicing	\$4,210,608		(\$1,710,821)	
3	36	Planning	Boardwalk Development	\$1,700,000		(\$432,000)	
			\$11,179,890		Subtotal	\$4,915,327	

RESERVES

Allocations recommended in 2014

Category	Amount
Admin	
City Wide Consulting/Study Reserve	\$25,000
IT - reserves	\$0
General	
General Capital Reserves - Public Works Building	\$100,000
Fire	
Fire equipment/hall reserves	\$0
Public Works	
City Wide Facility Reserves	\$0
Arterial Road Reserves	\$0
Planning	
Airport - Reserve	\$50,000
Traffic Control - Reserve	\$20,000

Community Parks & Rec

Neighborhood Parks				\$80,000
Gallagher Centre				
GC - Building Reserve				\$150,000
TOTAL				\$625,000

DEBT

Internal Debt	Payments	Years Left	Matures	Owing Dec 2013
Deer Park - 1999	\$82,000	.5 yrs	2014	\$24,627
Fire Truck - 2013	\$180,000	4 yr	2017	\$670,000
Drainage - 2012	\$940,000	5 yrs	2018	\$4,132,280
Library - 2004	\$72,144	3 yrs	2015	\$137,053
Library - 2011	<u>\$15,250+\$72,144</u>	11 yrs	2023	<u>\$610,000</u>
	\$1,289,394			\$5,573,960

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

External Debt	Payments	Years Left	Matures	Owing Dec 2013
Gallagher Centre - 2004	\$672,012	6 yrs	2019	\$3,439,380
Gallagher Centre - 2005	\$479,242	7 yrs	2020	\$2,796,931
Fire Hall - 2010	<u>\$648,790</u>	12 yrs	2025	<u>\$6,149,440</u>
	\$1,800,044			\$12,385,751
Waterworks (SIGI loan)	\$0	1 yrs	2014	\$3,000,000
Waterworks 2006	\$637,000	3 yrs	2016	\$1,479,000
Waterworks 2008	<u>\$909,920</u>	10 yrs	2023	<u>\$7,311,000</u>
	\$1,546,920			\$11,790,000
Total External Debt				\$24,175,751

Debt Available exc SIGI Loan paid in 2014 **\$20,824,249**

Possible Debt

2015 Drainage	\$1,260,000	25 yrs	2040	\$13,750,000
	use existing \$1,560,000 allocation			
2016 Public Works Building	\$1,450,000	25 yrs	2041	\$15,000,000
	tax increase 7.5%			
2018 Broadway Street	\$1,450,000	25 yrs	2043	\$15,000,000
2018 Waterworks (for underground Broadway St)	\$750,000	10 yrs	2028	\$6,000,000

Options for years 2015 to 2018 - Drainage \$1,560,000 - \$1,260,000 = \$300,000 could go towards roads

Total New Borrowing **\$49,750,000**

Possible Tax Increases based on above Capital

2014	3.00%	Drainage & Roads
2015	2.50%	Public Works Building
2016	2.50%	Public Works Building
2017	2.50%	Public Works Building
2018	3.00%	Broadway Street
2019	3.00%	Broadway Street

Possible Debt Limit Increase

Debt Limit				New Debt Limit 2X Revenues
Amount owing end of 2014	\$18,740,167			Existing Limit \$42,000,000
Total New Borrowing	<u>\$49,750,000</u>			Broadway ? <u>\$23,000,000</u>
	\$68,490,167			\$65,000,000
Total Revenues Including Utilities		2013		2018
	2013 + new	\$36,281,185	expire GC	\$42,100,000
Debt Payments existing	\$3,328,890		\$1,541,890	
Debt Payments new	<u>\$4,910,000</u>		<u>\$4,910,000</u>	
Total Debt Payments		\$8,238,890		\$6,451,890
Debt Service - Payments/Total Revenue		22.71%		15.33%

Target debt service is 15% of annual revenues