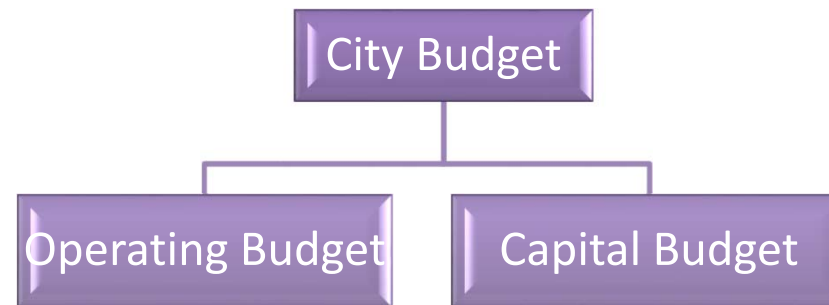




Past, Present and Future

The Budget Process



Step 1 Each Dept

- Running “status-quo” – same level of service
- Does anything need to be done differently?
- Prepare operating budget
- Prepare capital budget (priorities)

Step 2 Finance

- Aggregate information (operating)
- Analyze information (5 year averages, compare to actuals and prior budgets, research trends and gov’t changes)
- Inquiries to departments

The Budget Process (continued)

Step 3 Finance

- Aggregate information for capital budget
- Analyze funding options (new capital dollars, reserve, other sources such as grants/loans)

Step 4 All Directors

- Review aggregated capital budget
- Review capital priorities (there are often much more capital projects than funding allows)
- Rate and rank projects (compete for available funds)

The Budget Process (continued)

Step 5 Finance

- Prepare compiled info for Council
- Initial strategic planning session with Council (closed)
- Allow for questions and gather queries, take additional direction and feedback from Council
- Investigation and responses with Department Heads

Step 6 Public (Committee of the Whole)

- Report on analysis, findings and responses to Council queries
- Revised budget report per Council direction
- Repeat until Council decides to vote on budget

Step 7 Public (Council Meeting)

- Budget presented to public
- Public feedback solicited and compiled
- 2nd Council Meeting – vote on budget

Budget History

Key considerations when looking at past budgets:

Impact to Taxpayers

- What have we asked in the past?
- Comparisons with other cities

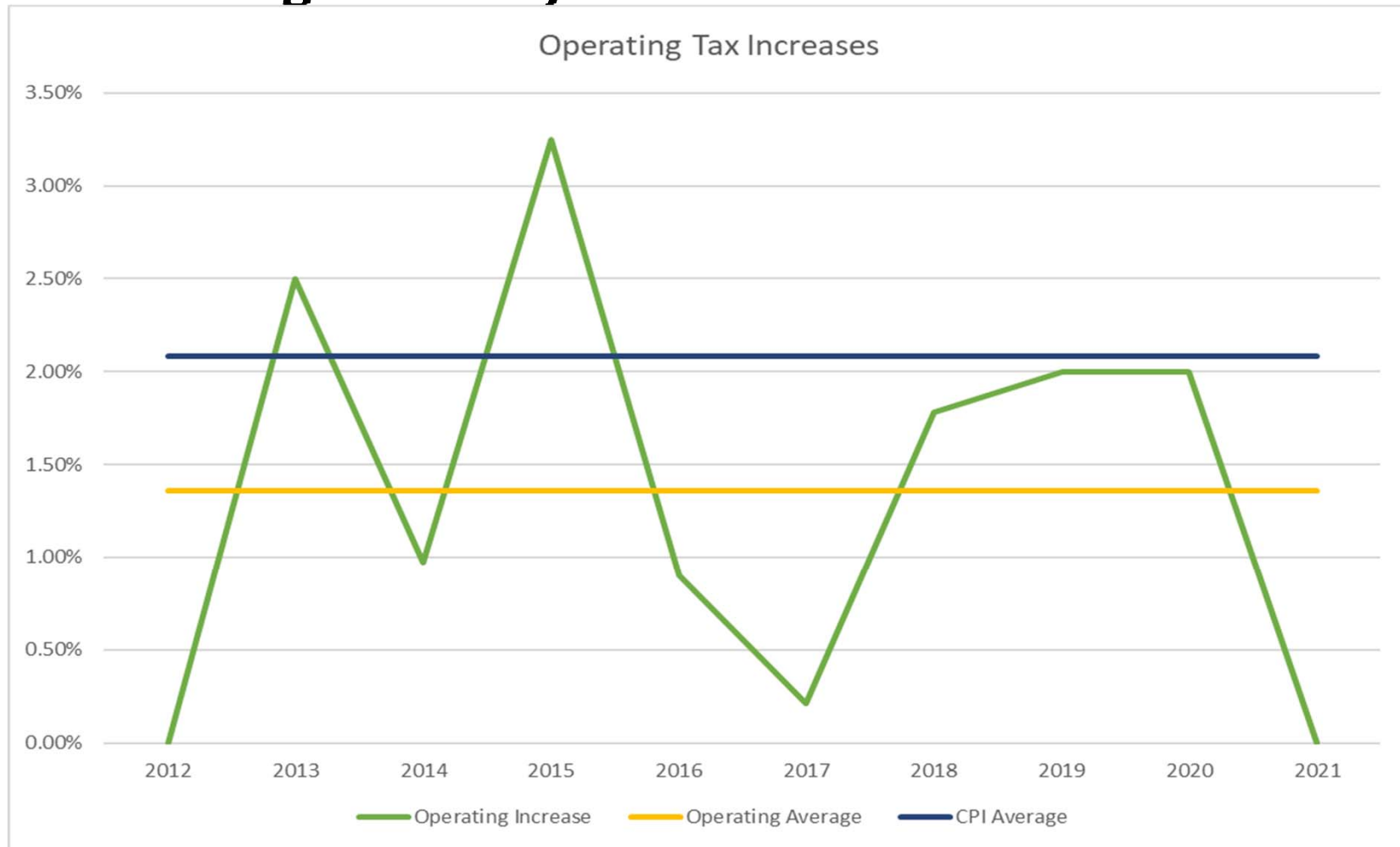
Long-term vs. Short-term

- What are the trends?

Compare with Inflation (CPI)

- What is the baseline increase for providing the same services?

Budget History – Where We Have Been



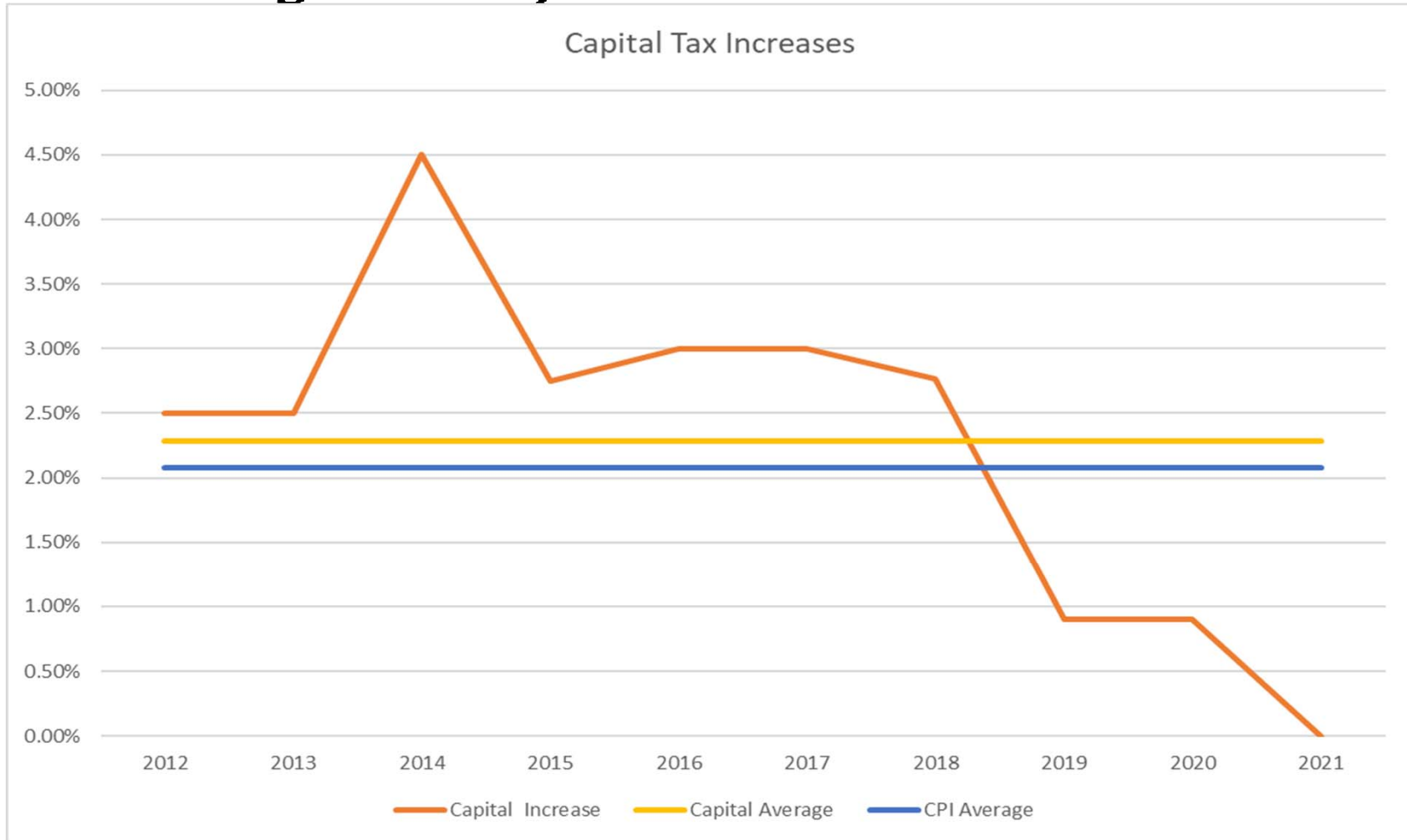
- 10 year operating tax increase average – 1.36%
- 10 year CPI Average – 2.08%
- Note 2017 – Grants in Lieu cuts – 6.25% (not included)

Budget History – Where We Have Been

Operating Budget

- 10 year average increase was 1.36%
 - CPI average for the same period was 2.08%
 - This means the City has held firm on operational expenditure increases over this time period, coming in at less than inflation, on average, for ten years
- More recently, the 5-year operating increase on average was 1.20% per year, whereas CPI was 2.46%
- Performing same level of services for less than the year before
 - “status-quo budget”

Budget History – Where We Have Been



- 10 year capital increase average – 2.28%
- 10 year CPI Average – 2.08%

Budget History – Where We Have Been

Capital Budget

- 10 year average increase was 2.28%
 - CPI average for the same period was 2.08%
 - This means the City has increased its spending on capital at a higher rate than inflation
 - This would help “close the gap” on our infrastructure deficit
- More recently, the 5-year capital increase per year on average was 1.51%, with CPI being 2.46%
- Capital budget is still lacking compared to what we ought to be spending on infrastructure

Budget – Current Goals

- Maintain service levels to current standards
- Find efficiencies
- Keep tax increase as low as possible

Operating Goals



- Close the “infrastructure deficit”
- Replace aging infrastructure
- Plan large scale projects (Drainage, York Road, Broadway)

Capital Goals

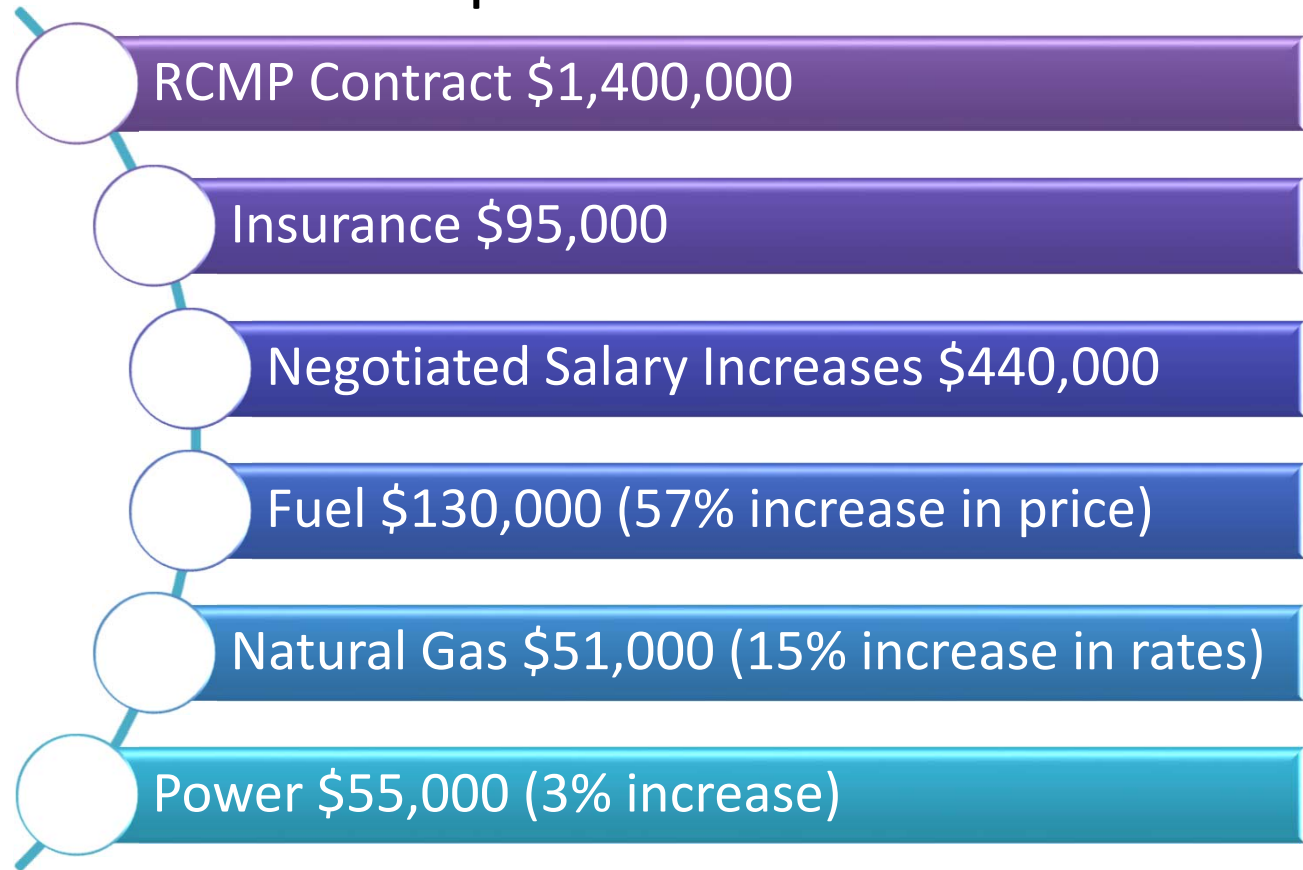


Budget – Operating Goals

Anticipated Increases:

Goal 1: Maintaining service levels to current standards

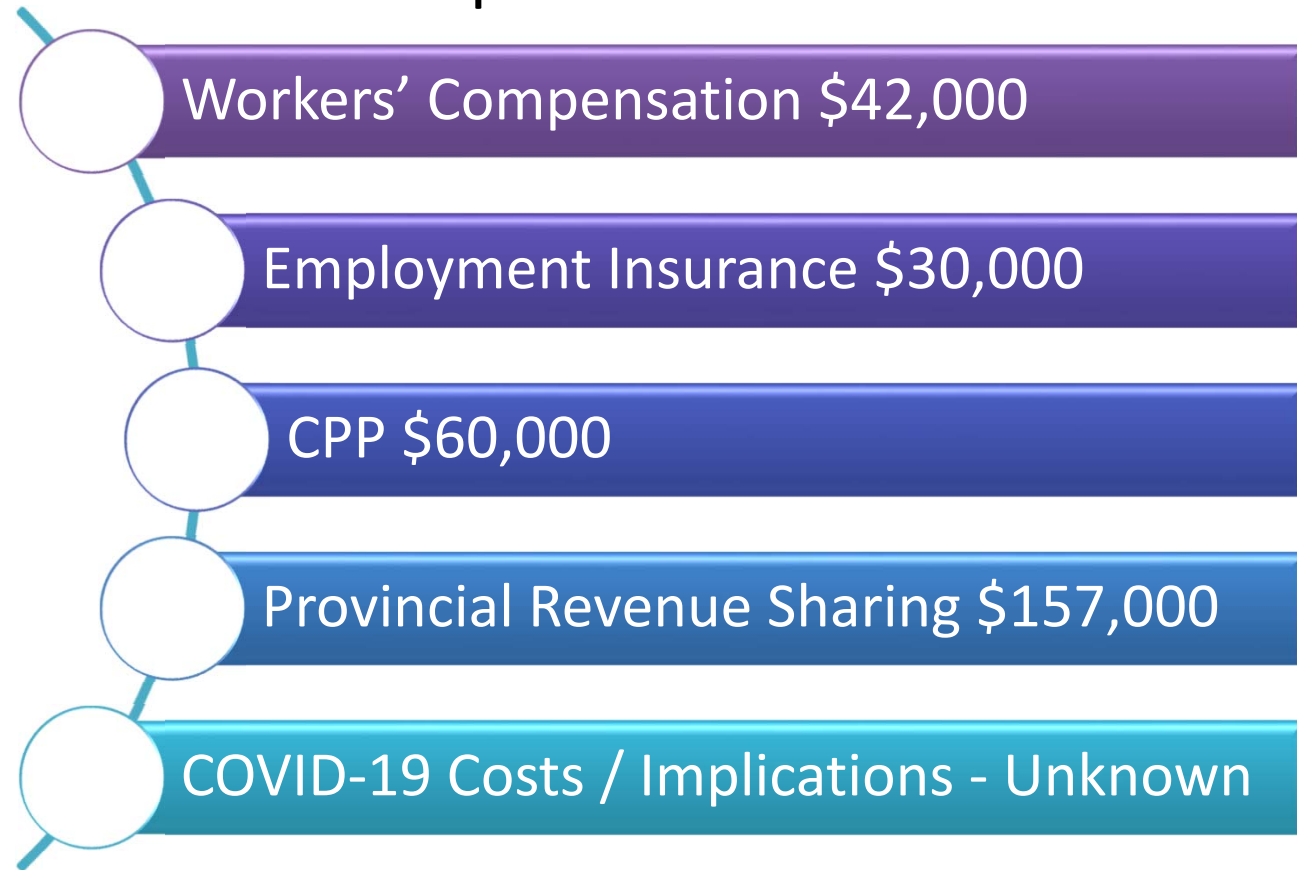
Every year costs go up. This is a result of inflation, external markets, contracted increases, etc.



Budget – Operating Goals

Anticipated Increases:

**Goal 1:
Maintaining
service
levels to
current
standards
(continued)**



Total estimated increase based on known items,
with no service change = approx. \$2,350,000

Budget – Operating Goals

Goal 2: Find efficiencies

Finding the “right” kind

- Not all efficiencies are cost savings, not all cost savings are efficiencies
- Eg. Time gets spent doing something the hard way, but could invest in technology to be more efficient and use extra time to accomplish more tasks

Department specific

- Each department head looks at operations to find the best way to do things
- Cost control and resources are always considered



Budget – Operating Goals

Goal 2: Find efficiencies (continued)

2021 Department Operational Reviews

Gallagher Centre



Completed
Service
Model
Modified

I.T.



In Progress
(external)

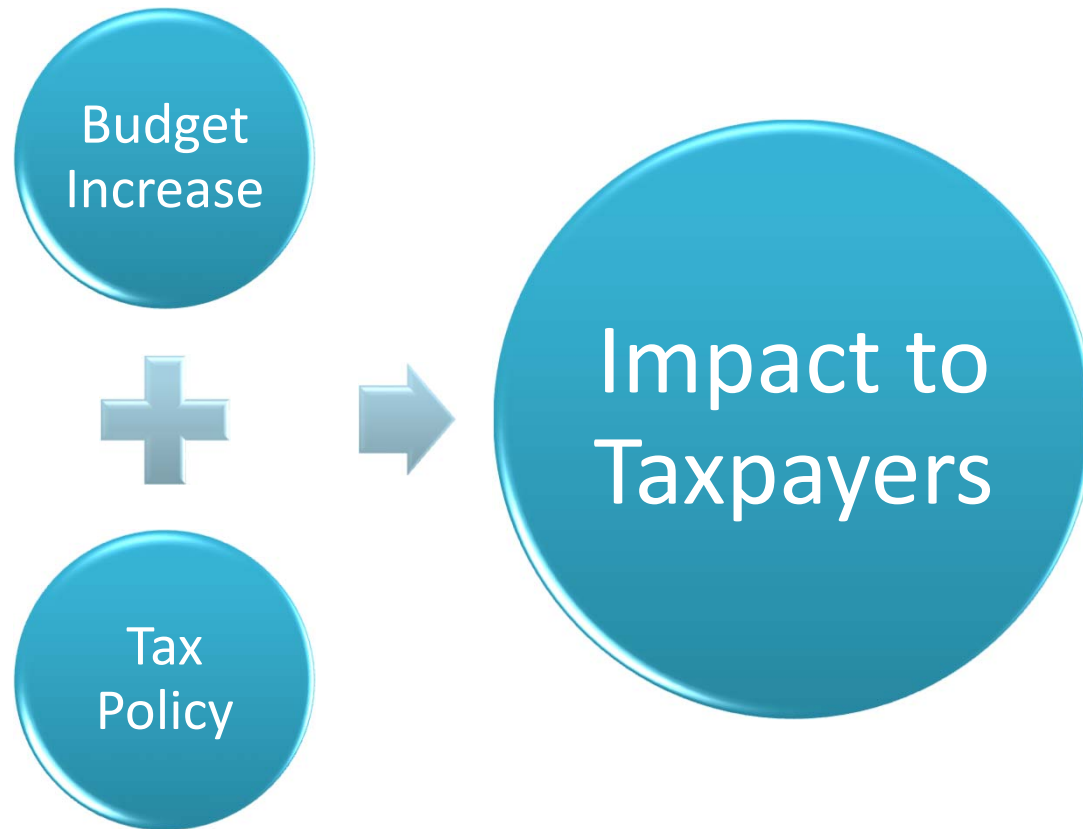
Fleet



In
Progress
(internal)

Budget – Operating Goals

**Goal 3:
Keep
operating
increase as
low as
possible**



1% budget increase = \$1.67/mo for average resident
or approx. \$8/mo for average commercial

Budget – Operating Goals

Goal 3: Keep operating increase as low as possible (continued)

Canadian Taxpayers Federation Report
“Municipal Spending in Saskatchewan” – March 2021



Report compares municipal spending as a measure of total expenses divided by population = spending per person.

This is useful for comparison purposes.

Budget – Operating Goals

Goal 3: Keep operating increase as low as possible (continued)

Across municipalities,
average spending is
reasonably consistent

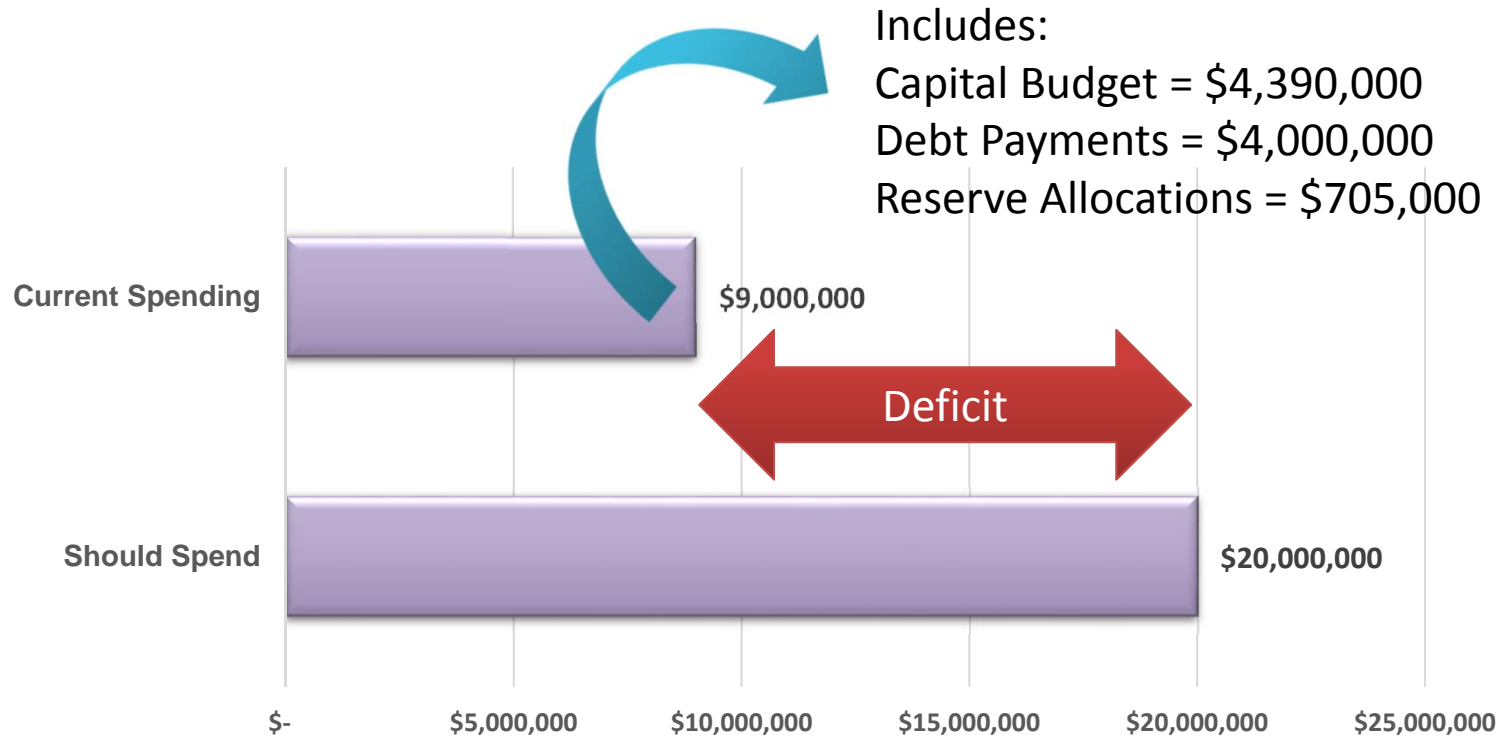
Canadian Taxpayers Federation Report
“Municipal Spending in Saskatchewan” – March 2021

City	Population	Spending per Person
Swift Current	16,604	\$3,718
Saskatoon	275,242	\$2,978
Regina	239,989	\$2,766
Yorkton	16,343	\$2,765
Estevan	11,483	\$2,746
North Battleford	14,315	\$2,732
Weyburn	10,870	\$2,727

**Note: Based on 2019 Data

Budget – Capital Goals

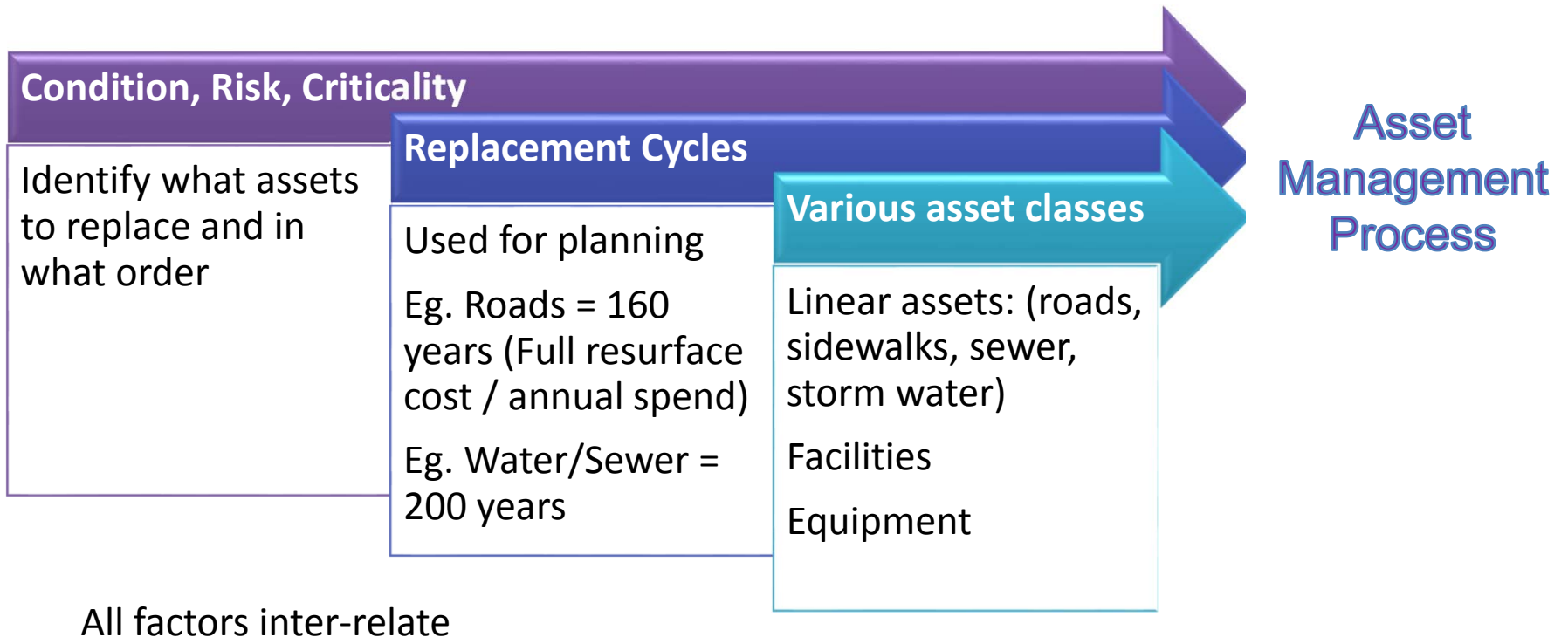
Goal 1: Close the “Infrastructure Deficit”



Every 1% budget increase adds \$250,000 to capital;
1% per year adds **\$13.75 million** spent over 10 years

Budget – Capital Goals

Goal 2: Replace aging infrastructure



Budget – Capital Goals

Goal 3: Plan large scale projects

Several projects that have been considered impossible without Provincial/Federal support, due to cost

Broadway Reconstruction

- \$50 million

York Road Reconstruction

- \$30 million

Drainage/Flood Mitigation

- \$40 million

Waste Water Treatment Plant

- \$60 million

New Philosophy – advanced financial planning allowing to chip away at large projects:

- Drainage - \$15 million spent to date
- York Road – Costs reduced to \$17 million, multi-year plan in place starting 2023

Resolution – April 26, 2021 – Councillor Brears Investigate 3-Year Tax Plan

*“That Council supports the **long term objective of a combined 3% increase in taxes over the next 3 years** (2022, 2023, 2024), on the premise that additional dollars are put towards the capital budget on an annual basis to address the significant infrastructure deficit; and operating increases are reduced as able; such that a combined 5% increase in tax dollars would be directed towards capital projects by the year 2024. Council further directs Administration to provide a report noting the **implication of the conceptual 3-year tax plan** as described (while recognizing that a more detailed analysis will transpire each year during budget deliberations).”*

Budget Response – The Future

How can we plan budgets for the next three years?

Capital

Keep adding to it, minimum 1% per year

- Impact on taxpayers
- Risk of infrastructure failures
- Long term impact of not spending now
- Avoid “kicking can down the road”
- This can be decided annually (2 year capital budget cycle)
- Council can make a resolution on capital budget independent of operating

Budget Response – The Future

How can we plan budgets for the next three years?

Operating Revenues

Tax revenue is reliable (once rates set)

- Grants tend to be stable, but not always guaranteed
- User fees still down due to lasting implications of COVID-19

Operating Expenses

Costs to do the same typically increase

- Some of our costs can be estimated:
 - Typical contracted increases (salaries, benefits, power, energy, gas)
 - Grants and incentives paid
 - Snow removal, grass cutting, other services – budget 5 year averages

Summary

- **Next Step: Present “status-quo” budget to Council**
 - Already includes a % increase due to forecasted cost increases
 - Discuss potential new capital projects:
 - Gallagher Renewal/Kinsmen arena
 - Drainage
 - Major Roadwork (post York-road)
 - Water Pollution Control Plant

Summary

- **Can we do a sliding plan to decrease operating and increase capital? (3% target)**
 - Ideally, this is a great start
 - Inflation/Costs have seen an unusually sharp increase this year
 - Discussions can branch out from the initial “status-quo budget”, regarding changing levels of service or ideas for cost savings