
2016 Corporate Business Plan and Budget – Shaping Our Financial Future – Mid-Year Update

Recommendation

That the report of the General Manager, Corporate Performance Department, dated August 15, 2016, be forwarded to City Council for information.

Topic and Purpose

In an effort to be more accountable, transparent, and efficient in the management of the City of Saskatoon's (City) key priorities and financial resources, this report presents the second quarter results for the City's 2016 Corporate Business Plan and Budget – *Shaping Our Financial Future*, as of June 30, 2016.

Report Highlights

1. The 2016 budget projections are indicating a balanced budget
2. The key projects outlined in the 2016 Corporate Business Plan and Budget are on track and initiatives are progressing well.

Strategic Goals

This report supports the Strategic Goals of a Culture of Continuous Improvement and Asset and Financial Sustainability. With a long-term strategy to focus on continuous improvement, openness, accountability, and transparency when it comes to resource allocation, Saskatoon will become the best-managed city in Canada and invest in what matters.

Report

Quarterly status updates on the City's Corporate Business Plan and Budget help to ensure that City Council and the Administration are aware of emerging business plan and budget issues and challenges in order to react accordingly. Providing these quarterly reports helps the City to mitigate any financial or corporate risks that may result from unplanned events or new challenges that may emerge throughout 2016.

The initiatives that are approved in the business plan have been sorted according to the Strategic Goals that were approved as part of the City of Saskatoon's Strategic Plan 2013 - 2023. The budget allocations are reported according to Business Lines.

Business Plan Highlights

Attachment 1 provides a summary of the status (as of June 30, 2016) of the key projects outlined in the 2016 Corporate Business Plan and Budget.

Attachment 2 provides a year-to-date building permit summary report to the end of June 2016.

Residential construction in Saskatoon remains active. Permits associated with one-unit dwelling housing starts are approximately 12.5% lower than 2015 for the same period.

The number of building permits issued to the end of June is approximately 12.1% lower than the number issued in 2015 for the same time period. Building permits issued so far in 2016 represent the creation of 846 residential units compared to 1,421 residential units at the end of June 2015. Value of construction associated with permits issued to the end of June 2016 is approximately 13.1% lower than June 2015.

As of the end of June, there were five permits issued that had a construction value higher than \$10.0 million. The same number of permits with a value over \$10.0 million had been issued in the first half of 2015.

Year-end Budget Projections

The 2016 budget projections to year-end are indicating a net surplus of \$403,000 (Attachment 3). This surplus includes a \$1.0 million transfer to the Snow and Ice Stabilization Reserve due to a projected surplus in the Snow and Ice Management service line from milder winter conditions from January – March, as well as, a \$279,000 transfer from the Interest Stabilization Reserve due to lower than budgeted interest revenues. It is cautioned that this projection relies on only six months of performance and subject to variance as the remainder of the year proceeds.

Some of the significant variances within this balanced budget projection include:

- \$1.524 million received from Saskatchewan Workers' Compensation Board Surplus accounts. As this revenue was received due to the City's excellent safety history; a portion could be transferred to enhance safety type initiatives. Administration will be bringing forward a report along with the yearend results with recommendations on how to allocate this funding,
- \$1.274 million negative variance in Waste Handling, mainly due to less than expected revenues in Landfill operations due to increased completion within and around Saskatoon, and,
- A \$391,000 unfavourable variance in Recreation Facilities mainly due to lower paid admissions, Leisure Card and bulk ticket sales than originally budgeted. Although the projection is less than budget, Recreation Facilities continue to see positive growth in year over year actuals as a result of the marketing campaign and new pricing structure started in 2015.

Communication Plan

This report will be posted to the City's website.

A news release will be prepared to highlight the reasons for the projected deficit and to highlight the progress that has been made to date on the projects and initiatives in the 2016 Corporate Business Plan.

Other Considerations/Implications

There are no policy, financial, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

The Third Quarter Report for 2016 will be tabled with the Standing Policy Committee on Finance in November, 2016.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachments

1. 2016 Corporate Business Plan – Mid-Year Update (April 1, 2016 to June 30, 2016)
2. Building Permit Statistics for YTD June 30, 2016 vs. YTD June 30, 2015
3. Year-end Projection for Period Ending June 30, 2016

Report Approval

Written by: Kim Matheson, Director of Strategic & Business Planning
Clae Hack, Acting General Manager, Asset & Financial Management

Reviewed by: Catherine Gryba, General Manager, Corporate Performance

Approved by: Murray Totland, City Manager