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## 2018 Business Plan and Budget Update

### Recommendation

That the Governance and Priorities Committee provide direction regarding implementation or future reporting on 30 Day Challenge ideas as outlined in Attachment 1.

### Topic and Purpose

The purpose of this report is to provide the Governance and Priorities Committee with an update to the 2018 budget process and the results of the 30 Day Challenge (Challenge). In addition, direction is being sought on which ideas from the Challenge the Administration should pursue, either through immediate implementation or further reporting.

### Report Highlights

1. Updated indicative budget estimates are now a 5.77% property tax increase for 2018.
2. Over 600 ideas have been submitted as part of the Challenge, which have been grouped into the following categories:
  - ideas that the Administration will implement in 2018;
  - ideas requiring City Council direction for possible 2018 implementation; and
  - those that are not implementable for 2018 and require further investigation or analysis.
3. One hundred and thirty-three (Attachment 2) were submitted that could be implemented by 2018 that do not require City Council approval. These ideas resulted in a reduction of 0.18% to 5.59% for the 2018 indicative budget.
4. Sixty-one ideas (Attachment 3) were submitted that could result in savings for 2018, however, further direction is required from City Council. The top ideas with the largest potential to impact the 2018 property tax would be equivalent to a 5.61% reduction in the indicative property tax rate.
5. The remaining 408 ideas, were either not sufficiently detailed, already underway or require further analysis to determine if they are viable options for potential inclusion in the 2019 budget and beyond.

### Strategic Goals

The information in this report supports the Strategic Goal of Asset and Financial Sustainability by demonstrating openness, accountability and transparency in financial reporting.

The Challenge supports the Strategic Goal of A Culture of Continuous Improvement through the engagement of staff in identifying opportunities for savings and improvements; fostering a culture of innovation and creativity.

### **Background**

At its June 19, 2017 meeting, the Governance and Priorities Committee received the 2018 Budget Update report from the CFO/General Manager, Asset and Financial Management Department. The report outlined that the current projected property tax increase for 2018 was 6.48%, and that the Administration was working on several strategies to develop ideas and help mitigate this property tax impact.

### **Report**

#### 2018 Budget Update

Since last reported, the Administration has continued to work through the indicative budget for 2018. Some positive changes have been identified resulting in a revised property tax estimate of 5.77% for 2018, primarily due to:

- grants in lieu of taxes from City of Saskatoon (City)-owned utilities and the Federal Government were originally estimated to increase by \$1.0M; however, due to changes in consumption and rate assumptions, the revised estimate is now \$3.2M; and
- lower utility costs than originally anticipated due to consumption estimates being less than the previous assumption.

These positive gains were offset by higher expenses than originally anticipated in relation to tax abatements such as the downtown/affordable housing, vacant lot programs, and economic incentives.

#### 30 Day Challenge

The Administration launched an internal 30 Day Challenge on June 26, 2017, to solicit ideas from all City staff regarding solutions to maximize efficiency, cost savings and alternative revenue opportunities. Employee uptake in this engagement was unprecedented as over 600 ideas were received during the 30 days.

Each idea has been thoroughly reviewed by the appropriate director and grouped into various categories, including:

- ideas that the Administration will implement in 2018;
- ideas requiring City Council direction for possible 2018 implementation; and
- those that are not implementable for 2018 and require further investigation or analysis.

#### Ideas Implemented by 2018 not Requiring City Council Direction

There were 133 ideas submitted in the Challenge that were of an operational nature and do not require the direction of City Council to implement in 2018. The Administration

will continue to review and implement these ideas on an ongoing basis, where they make operational and financial sense. Through the initial review, there were several ideas that will result in a benefit to the City and the projected 5.77% property tax increase for 2018, which include:

Idea	Estimated Impact	Property Tax Reduction
SaskTel Centre has agreed to contribute a percentage of any surplus to the CBCM Reserve in addition to its \$300,000 contribution	\$ 50,000	0.02%
Adjustments to the City's Local Travel Policy (Car Allowance)	\$ 175,000	0.08%
Voluntary unpaid days off	\$100,000*	0.05%
Enhanced cell phone management program	\$ 50,000	0.02%
Require applicants to pay for criminal record checks	\$ 20,000	0.01%

\*Estimated impact is difficult to determine with minimal history/precedent on what the uptake would be from City staff. \$100,000 has been estimated and will be adjusted in future years if actual results are higher/lower than anticipated.

While the ideas identified above will contribute towards the 2018 budget and lower the property tax impact from 5.77% to 5.59%, it is important to note that there were also several ideas submitted by staff that:

- are already underway that are factored into the current budget estimates or will result in future savings beyond 2018;
- will be implemented, however, result in soft savings such as increased efficiency (although it is difficult to remove these items from the budget in 2018, they will be beneficial in building capacity and limiting future budget requests); and
- require further review or analysis before the viability and/or estimate of savings can be determined.

The City has implemented a continuous improvement approach over the past number of years that has resulted in significant savings and efficiencies. The success of this initiative was illustrated in the Challenge submissions as there were few ideas that could be implemented without City Council direction, and would result in significant savings as many of these ideas have been implemented in past years.

Ideas Implemented by 2018 Requiring City Council Direction

There were 61 viable ideas that would result in 2018 savings, however, they would require City Council direction. These ideas mainly relate to changes in service levels or implementation of new revenue sources. A summary of these ideas with the largest potential impacts are included on the following page, with more detail available in Attachment 1.

Idea	Estimated Potential Impact	Potential Property Tax Reduction
Removal of the dedicated Snow & Ice Levy	\$1,212,700	0.55%
Reintroduction of an Amusement Tax	\$1,000,000	0.45%
Implementation of a secondary suite fee	\$200,000	0.09%
Decreased watering of park/green space	Future Report Pending	
Permanently reduce the annual allocation to RCE	\$ 500,000	0.23%
Discontinue printing and mailing the collection calendar	\$ 85,000	0.04%
Bi-weekly garbage collection	\$ 350,000	0.16%
Billboards on City rights-of-way	\$ 100,000	0.05%
Waste as a utility	\$8,900,000	4.04%

The ideas above have the ability to lower the 2018 estimated property tax by 5.61%. There are several more ideas included in Attachment 3 that could provide additional savings in 2018, however, the listing above includes what the Administration believes are the most viable.

If City Council wishes to obtain more information or implement any ideas above or included in the attachments, further direction would be required.

Ideas to be Considered in Future Budgets

There were an additional 408 ideas submitted that are either not sufficiently detailed, are already underway, or require further analysis to determine if they are viable options for potential inclusion in the 2019 budget and beyond.

The Administration will continue to review and analyze these ideas and implement where savings, efficiencies, or improvements can be realized. Attachment 4, includes a full listing of the remaining 408 ideas received via the Challenge.

**Options to the Recommendation**

City Council could choose to provide no additional direction regarding the Challenge ideas. This option was not recommended as it would forego the potential property tax reductions and will limit any further reduction of property tax increase to only those matters the Administration can proceed with on its own.

**Public and/or Stakeholder Involvement**

The Administration has met with respective union presidents and representatives to determine the best way possible to involve them in this process.

**Financial Implications**

Known financial implications are included in the body of the report. Revised and additional detailed financial implications to ideas will be determined via future reporting.

**Other Considerations/Implications**

There are no policy, environmental, privacy, or CPTED implications or considerations, and a communication plan is not required.

**Due Date for Follow-up and/or Project Completion**

The Administration will report further in 2018 regarding longer-term (2019 and beyond) Challenge ideas that require City Council direction.

**Public Notice**

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

**Attachments**

1. 30 Day Challenge Ideas for 2018 - City Council Direction Required - Additional Information
2. 30 Day Challenge Ideas for 2018 - City Council Direction not Required
3. 30 Day Challenge Ideas for 2018 - City Council Direction Required
4. All Other 30 Day Challenge Ideas

**Report Approval**

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