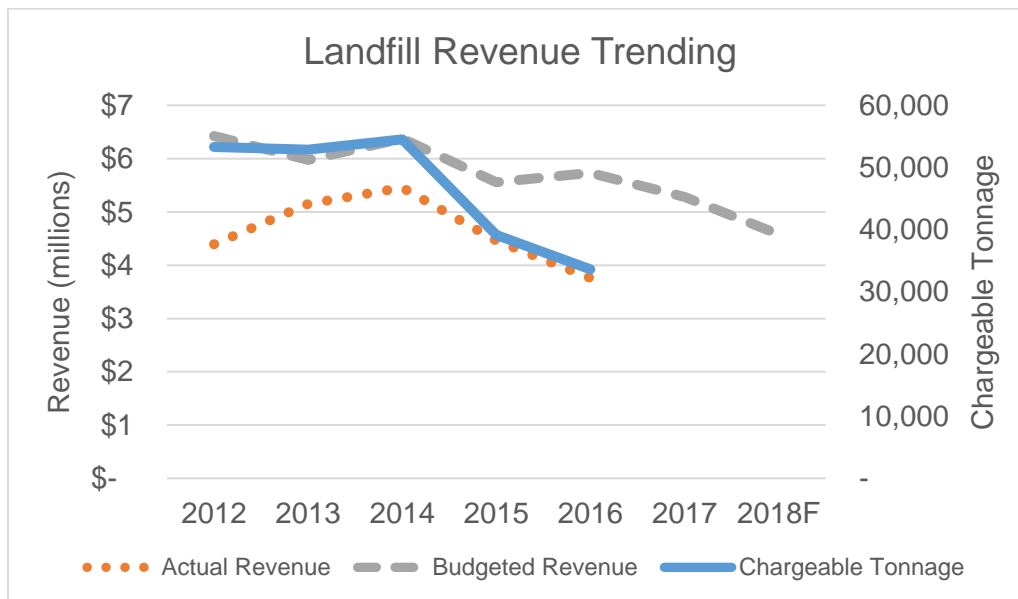


## Revenue Analysis

### Landfill Revenue

Over the past number of years, the total tonnage of waste received at the Landfill has decreased, resulting in decreased revenue. The most significant component of decreased tonnage has been in the commercial sector. Landfill revenues have traditionally been largely reliant on usage by large commercial haulers. Until 2014, there was little competition for this business segment; however, increased regional competition has been aggressively pursuing business from these major haulers, thus significantly impacting revenue. As seen below, beginning in 2014, chargeable tonnage has decreased from approximately 50,000 tonnes to just over 30,000 tonnes in 2016.

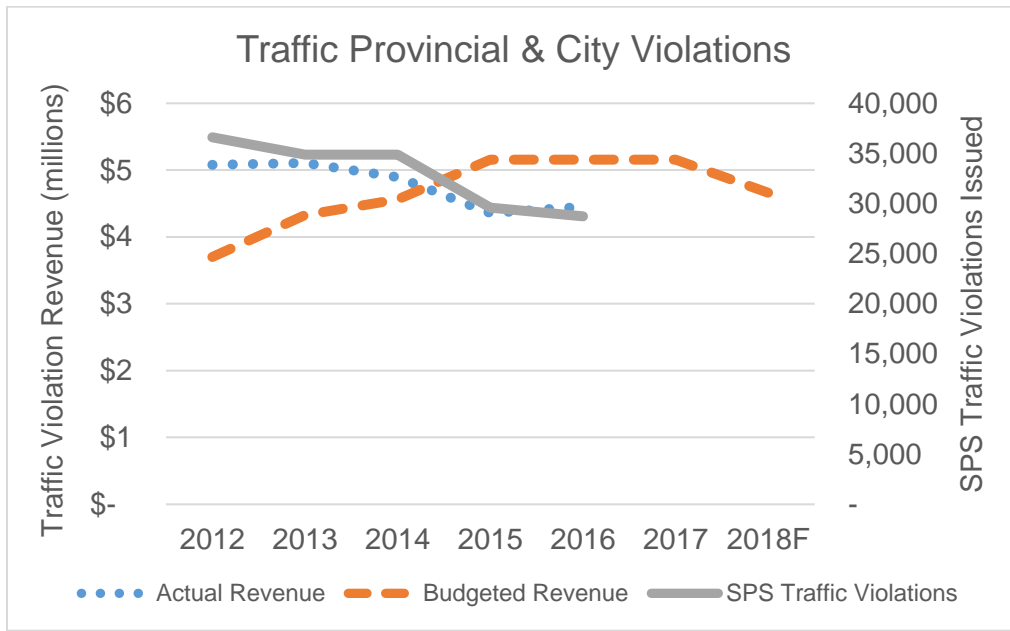


The budgeted revenue has adjusted slowly to these industry changes. The 2018 indicative budget includes a reduction of \$700,000 in budgeted revenue. Beginning in 2018 and future budgets, this gap is being bridged through service level reviews, and options such as waste as a utility are being explored.

### Provincial and City Traffic Violations

Beginning in 2012 through 2015, a historic trend has shown a decrease in provincial and city traffic violations resulting in decreased revenue, as shown in the following graph. Most notably, in December 2014, the City's first two automated speed enforcement cameras were introduced. Previously, all speed enforcement revenue had contributed to general revenue to offset property taxes; however, revenue generated from automated speed enforcement was directed to the Traffic Safety Reserve. Automated speed enforcement has resulted in increased compliance from citizens as well as a reduction in Saskatoon Police Service regular enforcement.

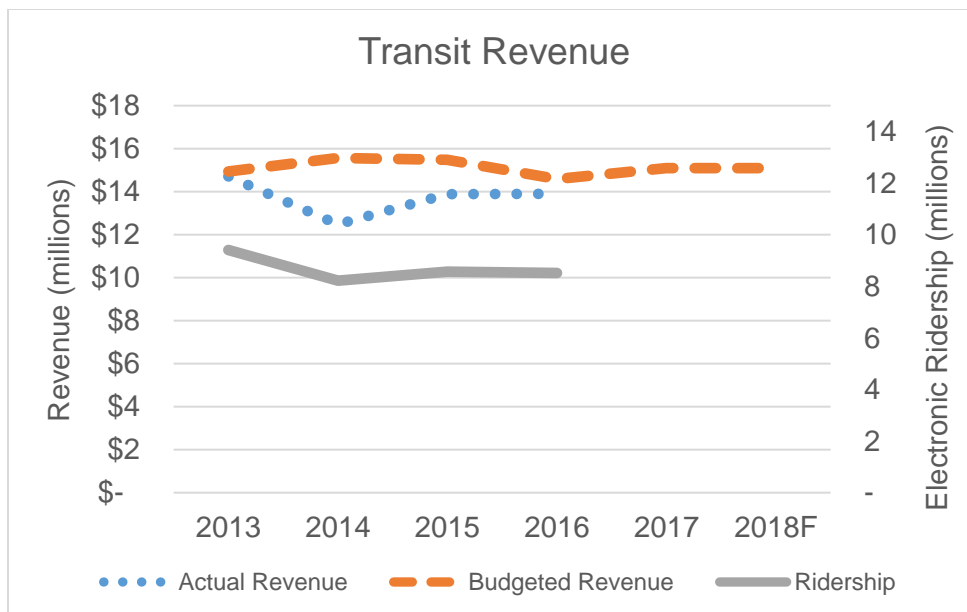
While a positive societal benefit has been seen, the redirection of this revenue and decreased regular enforcement has resulted in decreases to general revenue. The 2018 indicative budget includes a \$500,000 decrease to provincial and city traffic violation revenue to begin adjusting for this trend, as shown below.



Transit Revenue

Transit ridership and revenue has remained flat at about 8.5 million rides (electronic method) and \$14.0 million in revenue in 2015 and 2016.

Recent trends (from 2013-2017) in transit fare revenue have indicated a shift in sales from regular priced passes to discounted passes (e.g. monthly pass holders enrolling in the EcoPass or Upass program). This shift in fare type as well as the 2014 Transit labour disruption correlated to a revenue decrease in 2014 and a plateaued effect thereafter at approximately \$14 million for 2015 and 2016, as shown below.



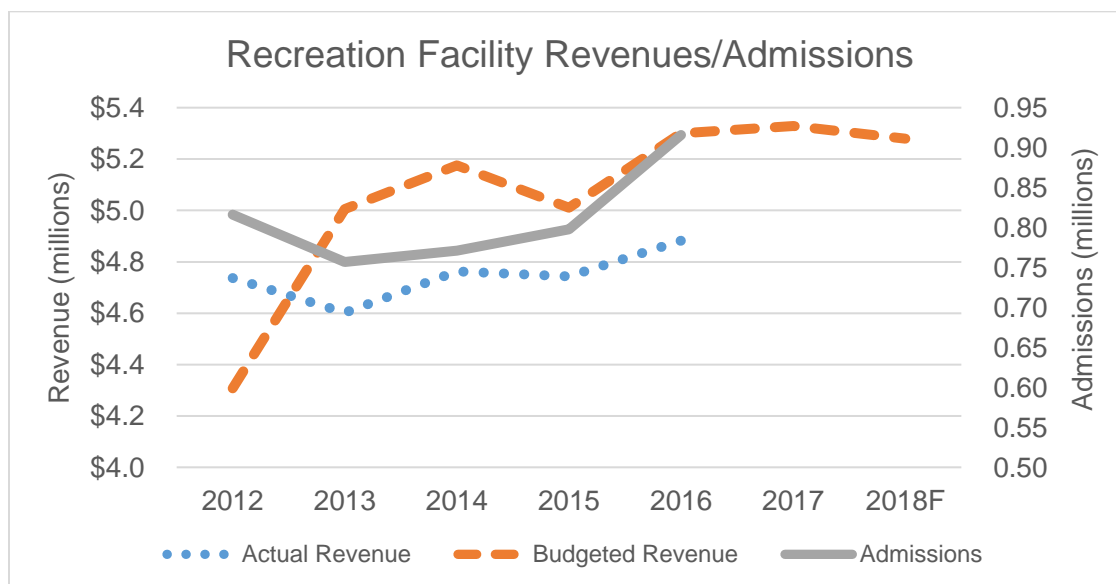
It is also important to note that ridership increases brought on by new pass type programs do not directly correlate to revenue increases. A person who previously used a monthly pass or tickets that switches to an EcoPass might ride more frequently than before but pays less for their pass. Trends in transit ridership are shown in the following graph.

Although actual revenues have trended behind budget, the 2018 indicative budget includes no adjustments to the revenue budget, as Saskatoon Transit will continue to employ strategies to increase ridership.

### Leisure Centre Admission Revenue

Prior to 2014, trending leisure centre revenues were on the downfall. In order to increase admissions and related revenue, in 2014, a detailed review was completed to identify ways to increase participation, as well as the undertaking of three extensive research projects to gather public input. The results from all elements of research identified that cost of admission was the main attribute when considering a visit to a leisure centre. A new pricing and marketing strategy was developed and implemented in fall 2015. Three successful promotions (Two-Week Trial Pass, Summer Indoor LeisureCard, and Last Hour Promotion) continued throughout 2015.

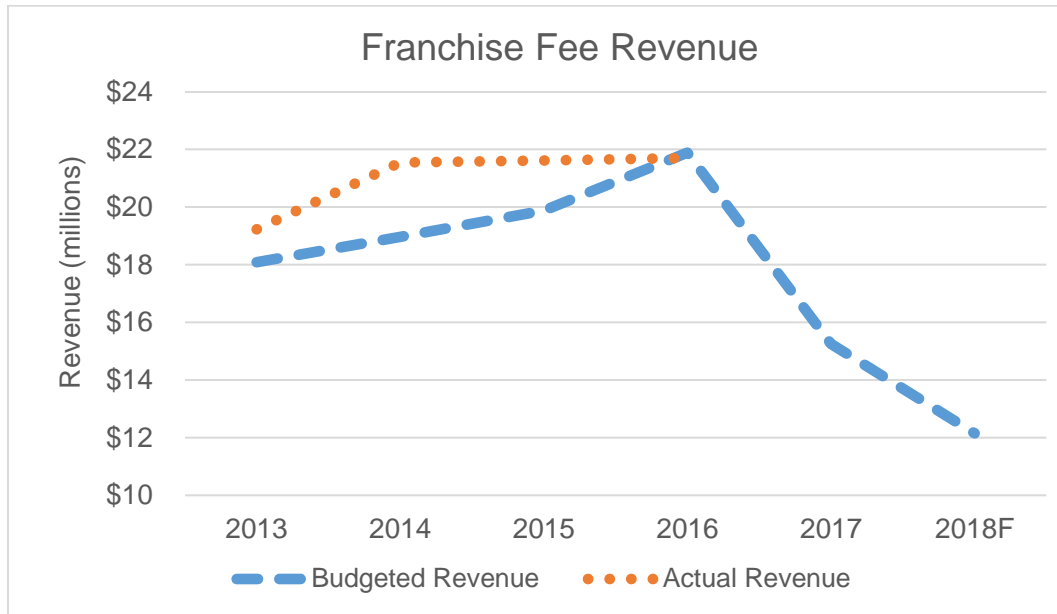
Recent trends, as shown in the following graph, show gradual increases in actual revenue and admissions beginning in 2013, and a healthy increase in attendance in 2015 after the new marketing and pricing strategy was implemented.



Although budget has exceeded actual results, the 2018 indicative budget only includes a \$50,000 downward adjustment to budgeted revenue, as the new pricing strategy has been effective over the past couple of years. The Administration is hopeful that the results of this initiative will continue to positive results and further decrease the gap between actuals and budget in future years. There is a risk in 2017 and 2018 that a negative variance will be present, as this gap is not expected to fully close by that time based on current trends.

### Franchise Fee Revenue

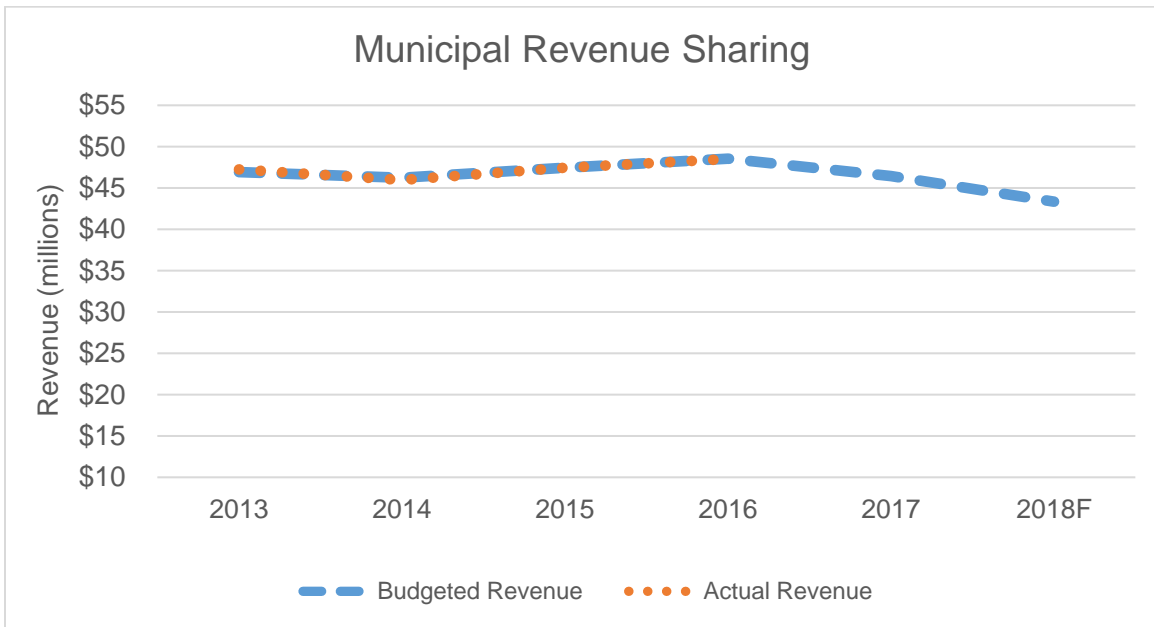
Prior to the 2017 Provincial Budget decision to eliminate the grant-in-lieu (GIL) of taxes paid to municipalities, revenue of this type remained fairly consistent. In April 2017, the Provincial Budget impact to the City was approximately an \$8.3 million revenue decrease to the 2017 budget. The carryover effects of this GIL elimination also meant a further \$3.1 million decrease in revenue in 2018. As seen in the following graph, a reduction in this one revenue source correlates to approximately an \$11.4 million dollar revenue decrease from the 2016-2018 budget.



### Municipal Revenue Sharing Grant

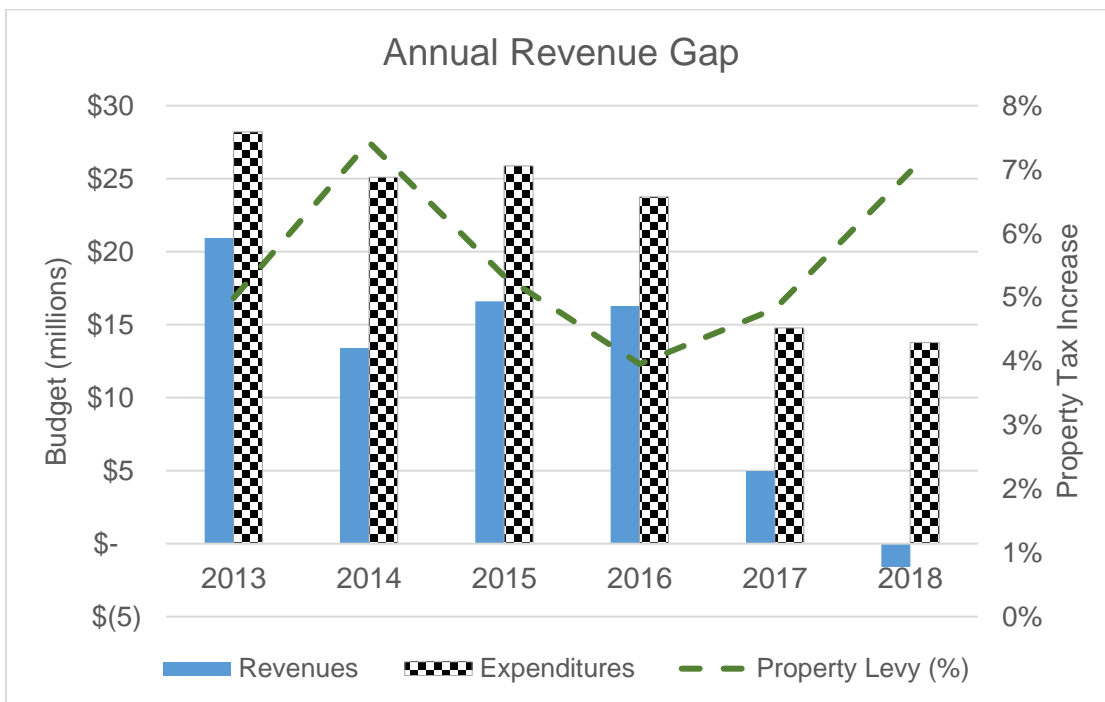
The Municipal Revenue Sharing grant is the most significant transfer the City receives from the Province annually. This grant is tied to the Provincial Sales Tax (PST) that grows with the economy. PST is predictable, sustainable, and reflective of economic growth. Since this funding source is tied directly to PST revenue and changes in economic conditions, the City is anticipating significant decreases in 2017 and 2018 due to an economic downturn. Over the 2017-2018 period, the Administration is expecting a revenue decrease of approximately \$5.4 million from 2016 levels.

As seen in the following graph, the 2018 indicative budget includes a decrease of \$3.0 million in Municipal Revenue Sharing.



**Budget Revenue & Expenditure Trends**

After the Administration’s initial review, the 6.97% 2018 mill rate increase noted in the 2018 Budget Indicative Rate report included a \$1.5 million revenue increase from various operating programs, offset by a \$3.1 million revenue decrease for the 2018 impact of the GIL elimination that began in April 2017. This represents an overall net revenue decrease of \$1.6 million for the 2018 budget year. As shown in the following graph, the expenditure increase is the lowest in the past six years; however, the decrease in revenues is adding additional strain to the 2018 budget.



While expenditures increases have declined year-over-year since 2015, revenue decreases have far outpaced the expenditure variable, creating a significant revenue gap in 2018.