



City of Moose Jaw

COMMUNICATION # CC-2019-0236

TITLE: City of Moose Jaw 2020 Budgets

TO: City Council

FROM: City Manager

DATE: November 12, 2019

PUBLIC: PUBLIC DOCUMENT

RECOMMENDATION

1. THAT the 2020 Operating Budget be approved; and

THAT the 2020 – 2024 Capital and Equipment Reserve Budgets be approved; and

THAT City Administration be authorized to tender and award the Capital and Equipment purchases set forth in year 2020 of the 2020 – 2024 Capital and Equipment Reserve Budgets subject to the limitations set forth in:

- a) The City's Purchasing Policy; and
- b) The City Administration Bylaw; and

THAT a mill rate increase of 2.02% which will generate an additional \$595,289 for the City's Operating and Capital Budgets be approved; and further

THAT 1% of the mill rate increase be directed to the General Capital Reserve portion of the Capital Budget for funding of Parks, Recreational and Facilities capital projects on an ongoing basis.

2. THAT an additional \$1.3 million in land development proceeds be allocated to the General Capital Reserve portion of the Capital Budget in 2020.
3. THAT Waterworks Utility rates be increased 6% effective February 1, 2020.
4. THAT Sanitary Sewer Utility rates be increased 5% effective February 1, 2020.
5. THAT Capital Project WW-9 Feeder Lines be designated as the City of Moose Jaw's 2020 Municipal Gas Tax Funded program.

TOPIC AND PURPOSE

The purpose of this report is to present City Council with the Operating, Capital and Equipment Reserve Budgets for 2020.

BACKGROUND

Annually the City of Moose Jaw develops an Operating and Capital Budget as required by *The Cities Act*. The section of the *Act* reads as follows:

“Adoption of budget

128(1) A council shall adopt an operating and capital budget for each financial year.

(2) No council shall pass a property tax bylaw with respect to a financial year unless it has adopted the operating and capital budget for that year.”

The contents of the Capital Budget are outlined in the *Act* under Section 130 as follows:

“A capital budget is required to include the estimated amount of each of the following for a financial year:

- (a) the amount needed to acquire, construct, remove or improve capital property;
- (b) the anticipated sources and amounts of money to pay the costs described in clause (a).”

The Cities Act requires the preparation of only a one-year Capital Plan; however, it has been the City of Moose Jaw's practice to prepare a five-year plan.

Also included with this year's budgets is the Equipment Reserve Budget which provides for necessary equipment replacement and establishes equipment contributions and rental rates.

The City of Moose Jaw utilizes a planning framework that encompasses Strategic Planning, Planning Session consultations and referrals or tabling of matters to budget deliberations. City Administration gathers this framework of information, along with internal and external factors that influence the budget and create a call for estimates, which goes out to all City Departments.

City Departments utilize this framework to develop their business plans and budget accordingly to be able to deliver that business plan. Budget development by Administration is guided by this framework as well as thoughtful consideration of the various factors that impact the budget being developed to deliver the business plan.

City Administration does their best to balance service levels, expectations and affordability as the budget is developed. City Council has the responsibility to amend the proposed budget as they deem appropriate and ultimately approve a budget for 2020.

In addition, external factors impact the City's budgets:

- The Provincial Economy
- Local Economic Activity
- Financial Factors.

A discussion of the various components that comprise the City of Moose Jaw 2020 Budget follows.

DISCUSSION

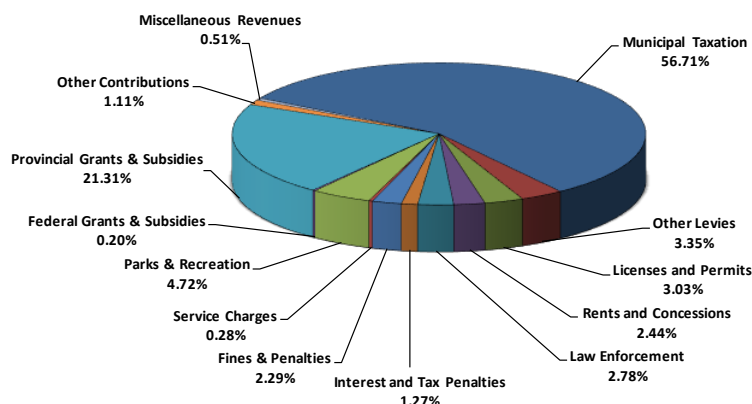
General Operating Budget

The General Operating Budget provides the funding for the City's various programs and services. These include things like transit services, snow removal and recreational programs to name a few.

The budget presented does not include any new initiatives, rather those will be presented to Council as part of the budget process and if approved, will then form part of the General Operating Budget.

2020 GROSS REVENUES

REVENUES



Gross Revenue Budget	2019 Budget	2020 Budget	2020-2019 INC(DCR)	% Change
Municipal Taxation	27,897,391	28,067,000	169,609	0.61
Other Levies	1,652,326	1,658,627	6,301	0.38
Licenses and Permits	1,452,270	1,501,681	49,411	3.40
Rents and Concessions	1,378,427	1,206,550	(171,877)	(12.47)
Law Enforcement	1,307,099	1,377,599	70,500	5.39
Interest and Tax Penalties	623,753	628,526	4,773	0.77
Fines & Penalties	1,675,000	1,133,700	(541,300)	(32.32)
Service Charges	145,051	138,253	(6,798)	(4.69)
Parks & Recreation	1,627,359	2,337,959	710,600	43.67
Federal Grants & Subsidies	110,467	97,793	(12,674)	(11.47)
Provincial Grants & Subsidies	9,767,416	10,544,683	777,267	7.96
Other Contributions	550,000	550,000	-	0.00
Miscellaneous Revenues	325,488	251,307	(74,181)	(22.79)
Gross Revenues	48,512,047	49,493,678	981,631	2.02

Municipal Taxation is the City's largest single revenue source accounting for almost 57% of General Operating Budget revenues. The City of Moose Jaw has modest growth in tax revenues and continues to see commercial appeal losses. The table below illustrates the tax losses to date for 2019:

2019			
	AGREEMENTS TO ADJUST	BOARD OF REVISION DECISIONS	MUNICIPAL
Subclass	Change in Assessed Taxable Value	Change in Assessed Taxable Value	Loss in Tax Revenue
COMM	(1,165,200)	(22,762,780)	(\$320,780)
GOLF			
RESI	(816,000)		(\$5,787)
MRES	(364,080)		(\$2,582)
CNDO	(18,960)		(\$134)
NAIR			
OAGR	(3,130)		(\$8)
ELEV		(6,023,590)	(\$74,068)
CRIR			
RRPL			
TOTAL	(2,367,370)	(28,786,370)	(\$403,359)

The loss of commercial assessment appeals has been a steady trend since the last reassessment in 2013 with a total of \$133,161,200 in lost commercial assessment due to appeals. This translates into a loss in revenue of \$1,798,740 which loss has been borne by the commercial sector as a whole. It is also important to note that the City still has 28 outstanding assessment appeals that are yet to be rendered. The table below provides additional detail:

Historical Commercial Appeal Losses														
Assessment Adjustment Type	2013		2014		2015		2016		2017		2018		2019	
	Assessment Lost on Appeal	Lost Tax Revenue	Assessment Lost on Appeal	Lost Tax Revenue	Assessment Lost on Appeal	Lost Tax Revenue	Assessment Lost on Appeal	Lost Tax Revenue	Assessment Lost on Appeal	Lost Tax Revenue	Assessment Lost on Appeal	Lost Tax Revenue	Assessment Lost on Appeal	Lost Tax Revenue
Agreement to Adjust	(10,707,200)	\$ (152,475)	(582,200)	\$ (8,305)	(3,853,600)	\$ (49,061)	(693,130)	\$ (11,214)	(6,733,170)	\$ (85,101)	(1,624,440)	(\$19,635)	(2,367,370)	(\$24,132)
Agreement to Adjust (Federal)											(616,700)	(\$8,030)		
Board of Revision	(11,093,880)	\$ (157,981)	(17,129,000)	\$ (244,329)	(3,075,470)	\$ (39,155)	(3,874,400)	\$ (62,684)	(21,431,700)	\$ (270,877)	(10,278,850)	(\$137,868)	(28,786,370)	(\$379,227)
Sask Muni Board	(7,080,420)	\$ (100,828)	(1,878,600)	\$ (26,796)	(1,060,200)	\$ (13,498)	(1,192,300)	\$ (19,290)	(148,400)	\$ (1,876)	1,046,200	\$13,622		
Totals	(28,881,500)	\$ (411,284)	(19,589,800)	\$ (279,430)	(7,989,270)	\$ (101,714)	(5,759,830)	\$ (93,188)	(28,313,270)	\$ (357,854)	(11,473,790)	\$ (151,911)	(31,153,740)	\$ (403,359)
Total Lost Assessment : 2013-2019	\$ (133,161,200)													
Total Lost Tax Revenue : 2013-2019	\$ (1,798,740)													
Note: The values previously given for 2018 did not contain all of the BOR decisions for that year. SMB decision for 2017 and 2018 were received in 2019 and added to the chart.														

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The continued loss of assessment and the resulting taxation in the commercial area has made the gap between residential and commercial taxes widen. In 2018, City Council took a first step in narrowing that gap by adopting the following motion:

"THAT future Municipal Tax increases be split between residential and commercial based upon the ratio of taxable assessment in each class and that this split be accomplished by adjusting the appropriate mill rate factors for each class of property"

The proposed adoption of a tax-sharing approach to future tax increases results in a gradual shift in the level of taxation on commercial properties to residential properties.

The overall commercial to residential tax gap has slowly been decreasing from 2.25 in 2017 to 2.19 in 2019 excluding changes to the Hospital Levy. This gradual reduction in the tax gap is a direct result of City Council's policy decision as outlined above. Depending on the final mill rate increase, a further reduction in the tax gap of several basis points can be expected in 2020.

City Administration will ask City Council to continue with this tax-sharing approach in 2020.

Rents and Concessions revenue is down approximately \$170,000 due to a reduction in farmland lease revenue and airport rent revenue. This reduction relates to the transfer of lease revenue to the airport authority and the sale of City land previously leased for farming purposes.

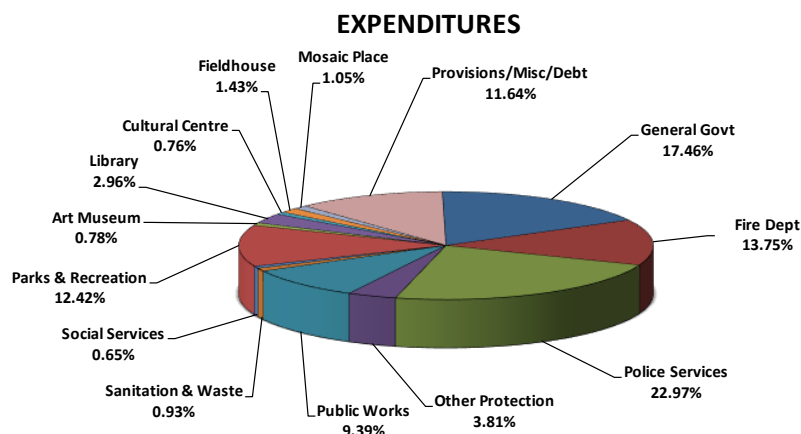
Fines & Penalties revenue is down approximately \$540,000. This reduction in revenue is related to automated speed enforcement revenues which are reduced due to SGI taking over paying for all of the costs and a provincial decision to share some of the excess with other municipalities. The City has an offsetting reduction in expenditures for this amount of decreased revenue so there is no direct impact on the City's Operating Budget from these changes. The only change is the amount left available for contribution to the City's Traffic Safety Reserve.

Parks & Recreation revenues are up approximately \$710,000. This is due to Yara Centre becoming part of the City and some increased revenues as a result of the implementation of a recreation season pass.

Provincial Grants & Subsidies are up approximately \$775,000 due primarily to an increase in Provincial Revenue Sharing funding to the City.

Overall, revenues are up by 2.02% or \$981,631 from the 2019 budget.

2020 GROSS EXPENDITURES



Gross Expenditure Budget	2019 Budget	2020 Budget	2020-2019 INC(DCR)	% Change
General Govt	8,444,198	8,744,108	299,910	3.55
Fire Dept	6,149,303	6,886,759	737,456	11.99
Police Services	11,116,746	11,507,162	390,416	3.51
Other Protection	1,934,593	1,907,518	(27,075)	(1.40)
Public Works	5,574,847	4,705,054	(869,793)	(15.60)
Sanitation & Waste	451,124	466,574	15,450	3.42
Social Services	237,157	326,818	89,661	37.81
Parks & Recreation	6,026,093	6,222,555	196,462	3.26
Art Museum	393,110	388,402	(4,708)	(1.20)
Library	1,476,790	1,483,581	6,791	0.46
Cultural Centre	376,942	378,818	1,876	0.50
Fieldhouse	-	713,939	713,939	100.00
Mosaic Place	566,370	526,347	(40,023)	(7.07)
Provisions/Misc/Debt	5,764,774	5,831,332	66,558	1.15
Gross Expenditures	48,512,047	50,088,967	1,576,920	3.25

The Budget presented is a status quo budget and there are no new enhancements contained within the budget numbers. The increases in the various areas are the result of negotiated Collective Agreement increases, or provisions for same, and inflation. The cost of providing the same programs and services increases each year.

The General Government area is seeing an increase in the costs to provide programs and services of approximately \$300,000 or 3.55%. The increases are spread across a number of departments. An increase in City Clerks/Solicitor Department costs is a result of City memberships in organizations like SUMA and FCM being transferred to this Department from the Mayor & Councillors area.

Information Technology is seeing increases of about \$109,000 due to increased equipment reserve contributions and software maintenance costs. Human Resource Services costs are up approximately \$43,000 due to primarily to increased education and training funding. This funding has been reallocated from other departments to provide for the Human Resource area to manage this spending in conjunction with succession training. Employer paid benefits have also increased approximately \$49,000 due to increased contribution requirements for the Canada Pension Plan and increased pension contributions.

The Fire Service is seeing an increased request of \$737,456 which relates primarily to the recent Collective Agreement and its incorporation into this budget area. Provision for this funding had been provided in the Provisions/Misc/Debt area in previous years.

The Police Service expenditure request is up \$390,416 or 3.51% from 2019 levels. The Police Service Administration presented their budget request to Council on November 18.

The Public Works area is seeing a decrease in overall expenditures of about \$870,000. This relates to a decrease in overall salary expenditures in the City Engineer's Department due to the implementation of a design team funded from Capital and the allocation of the Engineering Technologists that manage capital projects to capital projects. This resulted in the ability to discontinue the 6% overhead charge to capital that had previously been charged as a recovery to the Operating Budget.

Also, the Traffic Division has a reduction of expenditures of \$505,000 related to a reduction in automated speed enforcement costs as mentioned earlier in the revenue section of this report.

The Parks & Recreation Department is seeing an increased expenditure budget request of \$196,462. This is primarily in the Parks and Recreation areas of this department. Many of these cost increases relate to water and other utility costs related to parks and recreational facilities.

Yara Centre now appears in budgeted expenditures at a request of \$713,939. This is offset by expected revenues of \$647,561 a recovery rate of over 90%.

Lastly, the Provisions/Misc/Debt area is seeing an increase of approximately \$66,558 in budgeted expenditures related to salary provisions and the appropriation of municipal taxation to the Waterworks Utility and the Capital Expenditure Fund. In terms of the appropriation to Waterworks and Capital, City Administration has included an additional 1% of municipal taxation to the General Capital Reserve for recreation and facilities capital funding. This is an increase of \$295,000. This increase will be subject to City Council approval.

As indicated earlier, there are no enhancements included in the status quo budget other than the 1% increase for Parks, Recreation and Facilities funding. All other enhancement requests will come to City Council in separate report form for Council's consideration.

The overall increase in expenditures is 3.25% of which 0.60% relates to the appropriation of an additional 1% of municipal taxation to the Capital Budget. Therefore, the overall expenditure increases to maintain programs and services is 2.65%.

Transit Service

City of Moose Jaw Budget Summary of Revenues & Expenditures For Transit

Description	2019 Projection	2019 Budget	2020 Budget	2020 - 2019 INC (DCR)	% Change
BUS EARNINGS	89,000	100,000	90,000	(10,000)	(10.0)%
BUS EARNINGS CHARTER	15,000	20,000	15,000	(5,000)	(25.0)%
MONTHLY PASSES	156,000	203,400	160,000	(43,400)	(21.3)%
YEARLY PASSES-SENIORS	20,107	32,000	20,000	(12,000)	(37.5)%
ADVERTISING	24,100	29,000	24,000	(5,000)	(17.2)%
SUBSIDY	1,187,601	1,033,660	1,189,687	156,027	15.1%
TRANSIT REVENUE	1,491,808	1,418,060	1,498,687	80,627	5.7%
VEHICLE MAINTENANCE	415,000	415,000	436,000	21,000	5.1%
TRANSPORTATION	497,552	489,900	495,840	5,940	1.2%
ADMINISTRATION	579,256	513,160	566,847	53,687	10.5%
TRANSIT EXPENDITURES	1,491,808	1,418,060	1,498,687	80,627	5.7%
USER FARES	16,000	25,000	16,000	(9,000)	(36.0)%
BUS EARNINGS CHARTER	675	5,000	1,000	(4,000)	(80.0)%
PROV GOVT FUNDING	164,026	225,000	200,000	(25,000)	(11.1)%
SOC SERVICES FUNDING	8,500	12,000	9,000	(3,000)	(25.0)%
SUBSIDY	349,034	197,055	285,743	88,688	45.0%
PARA-TRANSIT REVENUES	538,235	464,055	511,743	47,688	10.3%
VEHICLE MAINTENANCE	120,000	75,000	100,000	25,000	33.3%
TRANSPORTATION	282,250	273,817	273,890	73	0.0%
ADMINISTRATION	135,985	115,238	137,853	22,615	19.6%
PARA-TRANSIT EXPENDITURES	538,235	464,055	511,743	47,688	10.3%

Both the regular Transit and Para-Transit services receive a subsidy from the City which totals \$1,475,430 in 2020 or approximately 73% of overall costs. In 2019, the budgeted subsidy was \$1,230,715 or 65% of costs.

Both the regular Transit and Para-Transit areas are seeing a decrease in revenues as compared to the 2019 Budget. The regular Transit service is seeing a revenue decrease of \$75,400 and the Para-Transit service a decrease in revenue of \$41,000. The most significant cost increases in the Transit and Para-Transit areas are related to vehicle maintenance and administration costs. The increased administration costs relate to increased equipment reserve contributions.

General Capital Budget

The General Capital Budget provides for the provision of funds to allow the City of Moose Jaw to undertake major construction, renovation and rehabilitation projects. The Capital Budget consists of two components, the General Capital Reserve and the Land Development Reserve.

GENERAL CAPITAL RESERVE SUMMARY
2020 - 2024

	2019	2020	2021	2022	2023	2024	Total
Carry over from previous year	\$ 6,675,897	\$ 4,785,266	\$ 388,814	\$ (7,305,667)	\$ (9,322,939)	\$ (11,079,847)	
SPC Funds Available	\$ 2,814,524	\$ 2,895,620	\$ 2,996,967	\$ 3,101,861	\$ 3,210,426	\$ 3,322,791	\$ 15,527,665
Hospital Levy	\$ 257,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxation Revenue	\$ 3,583,283	\$ 3,844,186	\$ 3,876,751	\$ 3,993,054	\$ 4,112,845	\$ 4,236,231	\$ 20,063,067
Capital Expenditure Fund Interest	\$ 1,295,000	\$ 2,610,000	\$ 2,450,000	\$ 2,475,000	\$ 2,500,000	\$ 2,525,000	\$ 12,560,000
Land Sale Proceeds	\$ 910,000	\$ 2,210,000	\$ 1,125,000	\$ 880,000	\$ 880,000	\$ 880,000	\$ 5,975,000
Parks Dedication Reserve	\$ 20,000	\$ -	\$ 39,000	\$ 19,500	\$ 40,000	\$ 20,500	\$ 119,000
Federal/Provincial Funding	\$ -	\$ 381,275	\$ 517,110	\$ -	\$ -	\$ -	\$ 898,385
SaskEnergy Mun. Surcharge	\$ 912,500	\$ 938,500	\$ 957,270	\$ 976,415	\$ 995,944	\$ 1,015,863	\$ 4,883,992
Fundraising Contributions	\$ 296,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Waterworks	\$ (2,691,492)	\$ (2,726,985)	\$ (2,808,795)	\$ (2,893,058)	\$ (2,979,850)	\$ (3,069,246)	\$ (14,477,934)
Uncompleted Works	\$ (3,672,747)	\$ (4,126,906)	\$ -	\$ -	\$ -	\$ -	
Capital Funding Available	\$ 10,400,954	\$ 10,810,956	\$ 9,542,117	\$ 1,247,105	\$ (563,574)	\$ (2,148,708)	\$ 45,549,175
Transportation	\$ 4,468,962	\$ 6,096,400	\$ 12,629,500	\$ 7,044,930	\$ 7,317,500	\$ 7,587,500	\$ 40,675,830
Parks and Recreation	\$ 1,093,130	\$ 1,072,995	\$ 1,320,585	\$ 1,257,010	\$ 853,153	\$ 1,012,300	\$ 5,516,043
Other Services	\$ 2,546,445	\$ 2,395,247	\$ 2,157,699	\$ 1,445,604	\$ 1,430,620	\$ 1,421,892	\$ 8,851,062
Police Services	\$ 65,000	\$ 67,500	\$ 70,000	\$ 72,500	\$ 75,000	\$ 77,500	\$ 362,500
Fire Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Downtown Facility & FieldHouse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storm Sewers	\$ 405,000	\$ 790,000	\$ 670,000	\$ 750,000	\$ 840,000	\$ 640,000	\$ 3,690,000
Total Funding Required	\$ 8,578,537	\$ 10,422,142	\$ 16,847,784	\$ 10,570,044	\$ 10,516,273	\$ 10,739,192	\$ 59,095,435
Surplus/Shortfall	\$ 1,822,417	\$ 388,814	\$ (7,305,667)	\$ (9,322,939)	\$ (11,079,847)	\$ (12,887,900)	

The General Capital Reserve component of the Capital Budget provides for funding for all the core infrastructure projects for the City of Moose Jaw. These projects include sidewalks, pavement rehabilitation, bridges, building improvements and general parks upgrades to name only a few.

The source of funding for the General Capital Reserve core infrastructure projects comes from seven main sources totalling \$45,549,175 over the five-year period:

- SPC Municipal Surcharge \$15,527,665
- Taxation \$5,585,133
- Investment Income \$12,560,000
- Land Sale Proceeds \$5,975,000
- Parks Dedication Reserve \$119,000
- Federal/Provincial Funding \$898,385
- SaskEnergy Municipal Surcharge \$4,883,992.

The Capital Expenditure Fund Interest revenue is forecast to increase significantly in revenue from \$1,295,000 in 2019 to \$2,610,000 in 2020. The majority of this increase in revenues is a result of Council's initiative to look at broadening the scope of the City's Investment Policy and investing in an array of financial assets that will provide a higher return on invested monies.

The General Capital Reserve has funding challenges over the five-year period; there is insufficient funding to service all of the spending demands. The current budgeted shortfall is \$12,887,900.

In 2020, City Administration is proposing a 1% municipal tax increase be levied and dedicated to providing funding to the General Capital Reserve Budget for Parks, Recreation and Facilities capital projects on an ongoing basis. This will generate an additional \$295,000. The 1% has been incorporated into the overall proposed mill rate increase of 2.02% and is contained as revenue in the General Capital Reserve summary above.

Also, in 2020, City Administration is proposing that an additional \$1,300,000 of Land Sale proceeds be directed to the General Capital Reserve. These additional proceeds would come from sale proceeds from development of the Southeast Industrial Subdivision. This contribution has been factored into the preliminary budget above.

The end result is sufficient funding for year 2020 of the Capital Plan, but insufficient funding for the planned work over the entire five-year plan.

Land Development Reserve

LAND DEVELOPMENT RESERVE 2020 - 2024

	2019	2020	2021	2022	2023	2024	Total
Opening Balance	(\$2,129,352)	(\$2,519,371)	\$996,547	\$1,240,080	\$3,233,613	\$4,327,146	
Contributions during the year	\$3,103,100	\$8,287,066	\$243,533	\$1,993,533	\$1,093,533	\$1,093,533	\$12,711,198
Loan Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
less Land Dev Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
less Uncompleted Works	\$6,249,805	\$4,771,148	\$0	\$0	\$0	\$0	\$4,771,148
Year End Balance	(\$5,276,057)	\$996,547	\$1,240,080	\$3,233,613	\$4,327,146	\$5,420,679	

The Land Development Reserve provides for the funding needed for land development projects. Excess revenues over expenditures are redirected to the General Capital Reserve of the General Capital Budget to fund needed infrastructure projects in that area.

There is currently one major land development project in this Capital Plan, that being Westheath Phase V at \$4,771,148. Westheath Phase V is not expected to be under development until 2021. The key benefits to the City of land development are that it gives the City a tool to influence land development in the direction that best benefits the City overall, and also generates profits which can be utilized to fund other Capital projects. The current contribution from land development to the General Reserve is \$5,975,000 over the next five years.

Equipment Reserve Budget

The Equipment Reserve is funded by an annual contribution from Operating to the reserve such that sufficient funds are in place to purchase equipment when required. The annual contribution is based upon a detailed analysis of equipment needs, replacement values and expected life. The annual contribution then earns interest and is also credited to this account. The attached budget request represents the spending plan for the replacement of this equipment.

2020 - 2024 Equipment Reserve Budget SUMMARY						
DESCRIPTION	2020	2021	2022	2023	2024	TOTAL
ENGINEERING	\$ 2,505,298	\$ 691,802	\$ 1,133,832	\$ 885,968	\$ 998,355	\$ 6,215,255
PARKS & RECREATION	261,823	467,687	135,604	244,580	269,504	1,379,198
FINANCE	44,458	199,133	24,822	4,000	16,642	289,055
INFORMATION TECHNOLOGY	520,556	180,409	173,444	99,950	222,873	1,197,232
TRANSIT	3,964	68,187	658,312	1,177,275	43,428	1,951,166
FIRE SERVICE	302,407	143,480	138,284	56,013	26,745	666,929
CITY MANAGER, MAYOR	3,268	8,292	49,727	2,000	2,000	65,287
CITY CLERK/SOLICITOR	25,407	2,067	7,435	1,000	1,000	36,909
HUMAN RESOURCES	1,000	4,958	2,962	3,111	3,928	15,959
PLANNING & DEVELOPMENT	24,721	1,541	29,000	39,000	1,000	95,262
SAFETY	500	500	2,612	500	500	4,612
LIBRARY	49,381	70,060	203,491	258,841	95,850	677,623
ART MUSEUM	17,864	13,098	19,257	21,020	10,597	81,836
CULTURAL CENTRE	51,815	134,736	39,005	6,635	41,965	274,156
MOSAIC PLACE	39,034	34,149	31,646	141,866	235,141	481,836
FUNDING REQUIRED	<u>\$ 3,851,496</u>	<u>\$ 2,020,099</u>	<u>\$ 2,649,433</u>	<u>\$ 2,941,759</u>	<u>\$ 1,969,528</u>	<u>\$ 13,432,315</u>
FUNDING SOURCES:						
AVAILABLE FROM DEPRECIATION	3,076,451	2,020,099	2,649,433	2,941,759	1,969,528	12,657,270
AVAILABLE FROM CONTROL ACCOUNT	775,045	-	-	-	-	775,045
	<u>\$ 3,851,496</u>	<u>\$ 2,020,099</u>	<u>\$ 2,649,433</u>	<u>\$ 2,941,759</u>	<u>\$ 1,969,528</u>	<u>\$ 13,432,315</u>
5YR BUDGET IMPLICATIONS	<u>\$ 156,922</u>	<u>\$ 3,682</u>	<u>\$ 558</u>	<u>\$ 33,270</u>	<u>\$ 28,324</u>	<u>\$ 222,756</u>
BUDGET IMPLICATIONS ALL YEARS			<u>\$ 645,536</u>			

The overall request in 2020 for equipment funding is \$3,851,496. This is higher than usual due to the Engineering Department not having an Equipment Reserve Budget request for three years. As can be seen from the budget summary equipment purchase requests return to more normal levels in the remaining years of the budget.

The value of the Equipment Reserve to the City of Moose Jaw is threefold. First, the ability to save funds for future purchases allows the fund to generate investment earnings, which goes toward the purchase of the equipment. This benefit is in the neighbourhood of \$740,000 even in this period of low interest rates.

City Council's initiative of establishing an Investment Committee and directing the City's reserve funds to professional portfolio managers is expected to generate benefits to the Equipment Reserve in terms of the investment income. Based upon the Investment

targets established for the City's invested funds, the annual investment income would be expected to grow to nearly double to an estimated \$1,400,000 annually. This additional investment earnings will allow for annual equipment reserve contribution to decrease by a similar amount which will result in a reduction of required funds from the municipal tax levy.

Secondly, if funds were not set aside for future purchases, there would be a need to borrow and the associated cost of borrowing would add significantly to the overall purchase price and additional taxation funded contributions would be required.

Thirdly, the Equipment Reserve, by reserving, provides for the necessary funding of replacement equipment and in doing so, takes away the need for equipment purchases to compete with other Capital projects for funding. Many cities do not have an equipment reserving system and as such, must allocate a portion of their Capital monies each year for equipment purchases. For the City to deliver its programs and services as well as rehabilitate its aging infrastructure, it must have the necessary equipment to perform those tasks.

The Equipment Reserve Budget as presented will result in increased contribution costs which have been accounted for in the various budgets. In future years, as investment income increases, these contributions will be able to be decreased.

The ability to earn interest on monies set aside, coupled with not having to borrow funds to buy equipment, continues to provide the City and its citizens a significant benefit each year.

Utility Operating Budget

The City operates three utilities, they are the Waterworks, Sanitary Sewer and Solid Waste Utilities.

Waterworks

City of Moose Jaw Budget Summary of Revenues & Expenditures For Waterworks

Description	2019 Projection	2019 Budget	2020 Budget	2020 - 2019 INC (DCR)	% Change
GENERAL SERVICE	11,125,633	11,174,300	11,364,433	190,133	1.7%
UTILITY BILLING PENALTIES	67,253	60,387	70,044	9,657	16.0%
CONNECTION FEES	63,135	62,940	61,200	(1,740)	(2.8)%
WATER DEPOTS	28,492	28,390	29,331	941	3.3%
HOUSE CONNECTIONS	370,000	300,000	400,000	100,000	33.3%
MISCELLANEOUS REVENUE	100	1,000	1,000	0	0.0%
WATER METER REVENUE	9,000	20,000	10,000	(10,000)	(50.0)%
REVENUES	11,663,613	11,647,017	11,936,008	288,991	2.5%
PRODUCTION	3,108,000	3,047,945	3,270,136	222,191	7.3%
DISTRIBUTION	4,870,031	4,032,884	4,568,411	535,527	13.3%
ADMINISTRATION	1,562,378	1,500,084	1,676,485	176,401	11.8%
RESERVE CHARGE	2,123,204	3,066,104	2,420,976	(645,128)	(21.0)%
EXPENDITURES	11,663,613	11,647,017	11,936,008	288,991	2.5%

The Waterworks Utility provides potable drinking water to the community from the Buffalo Pound Water Treatment Plant that the City owns in partnership with the City of Regina.

The challenges facing the utility are operational issues in respect to maintaining and repairing distribution mains, hydrants, valves and house connections. An aging infrastructure has greatly increased the maintenance demands on the utility. These demands continue to require additional resources in order to maintain the system, most recently the creation of an additional work crew to help alleviate work backlogs.

In addition, the cost of water from the Buffalo Pound Water Treatment Corporation continues to increase each year as funding is being gathered for a major plant rehabilitation project in the near future. Administrative costs have also risen in relation to provisions for doubtful accounts, franchise fees and general administration.

The continued investment in infrastructure rehabilitation is expected to result in a decrease in operational costs over time. This will allow the utility to direct additional resources to infrastructure renewal in the future as a result of operational savings. In order for the utility to be able to fund its financial commitments, City Administration is recommending a utility rate increase of 6% in 2020.

Sanitary Sewer

City of Moose Jaw Budget Summary of Revenues & Expenditures For Sanitary Sewer

Description	2019 Projection	2019 Budget	2020 Budget	2020 - 2019 INC (DCR)	% Change
GENERAL SERVICE	8,157,693	7,980,635	8,331,575	350,940	4.4%
SEWER BLOCKS	842	806	842	36	4.5%
UTILITY BILLING PENALTIES	52,448	46,217	55,200	8,983	19.4%
SEPTAGE FEES	33,930	26,811	32,160	5,349	20.0%
HOUSE CONNECTIONS	400,000	400,000	435,000	35,000	8.8%
REVENUES	8,644,913	8,454,469	8,854,777	400,308	4.7%
ADMINISTRATION	1,079,004	1,038,449	1,135,945	97,496	9.4%
RESERVE CHARGE	4,497,162	4,368,201	4,480,322	112,121	2.6%
SEWAGE TREATMENT	1,787,747	1,859,573	1,945,550	85,977	4.6%
SANITARY SEWERS	1,281,000	1,188,246	1,292,960	104,714	8.8%
EXPENDITURES	8,644,913	8,454,469	8,854,777	400,308	4.7%

The Sanitary Sewer Utility provides wastewater services to the City of Moose Jaw. The utility is facing infrastructure challenges but at a more moderate rate than the Waterworks Utility.

The utility is seeing increased costs in the Administration, Sewage Treatment and Sanitary Sewer areas. Administrative cost increases relate to an increased allowance for doubtful accounts, increased franchise fee and general administrative costs. The Sewage Treatment area is seeing increased costs at Crescentview, the wastewater treatment facility and for lagoon maintenance. Lastly, the Sanitary Sewers area is seeing increased costs related to house connections and supervisory expenses.

The long-term debt of the utility will be retired in 2023 which will place the utility on a sound financial footing. City Administration will be recommending a 5% utility rate increase for 2020.

Solid Waste Utility

City of Moose Jaw Budget Summary of Revenues & Expenditures For Solid Waste

Description	2019 Projection	2019 Budget	2020 Budget	2020 - 2019 INC (DCR)	% Change
GARBAGE COLLECTION	1,359,984	1,368,777	1,359,984	(8,793)	(0.6)%
SANITARY LANDFILL	2,400,000	2,500,000	2,350,000	(150,000)	(6.0)%
SOLID WASTE MISCELL REVENUE	4,500	10,000	5,000	(5,000)	(50.0)%
ECOCENTRE REVENUES	12,000	12,000	12,000	0	0.0%
CURBSIDE RECYCLING REVENUES	986,928	986,928	986,928	0	0.0%
MULTI-MATERIAL RECYCLING GRT	340,290	340,290	340,290	0	0.0%
REVENUES	5,103,702	5,217,995	5,054,202	(163,793)	(3.1)%
TRAVEL & CONVENTIONS	4,600	4,000	4,080	80	2.0%
EDUCATION & TRAINING	1,757	1,757	1,792	35	2.0%
GENERAL REPAIRS & SUPP	6,000	6,662	6,709	47	0.7%
SICKNESS & HOLIDAYS	50,000	43,178	43,178	0	0.0%
WAGES & EQUIPMENT	650,000	679,176	696,021	16,845	2.5%
INSPECTIONS	8,000	10,747	10,812	65	0.6%
SUPERINTENDENT & ADMIN	85,692	85,692	124,100	38,408	44.8%
HOUSEHOLD HAZ WASTE	35,000	26,298	60,000	33,702	128.2%
WASTE RECYCLING PRGM	110,000	133,057	102,527	(30,530)	(22.9)%
RECYCLING INITIATIVES	15,000	21,630	21,630	0	0.0%
SANITARY LANDFILL OPER	1,127,462	1,127,462	1,151,110	23,648	2.1%
LANDFILL CLOSURE	72,465	72,465	0	(72,465)	(100.0)%
SOLID WASTE RESERVE CONT	1,749,023	1,809,129	1,611,769	(197,360)	(10.9)%
ADMINISTRATION	151,464	151,464	147,206	(4,258)	(2.8)%
CURBSIDE RECYCLING PROGRAM	805,000	805,000	807,811	2,811	0.3%
SOLID WASTE UTLY-FRANCHISE FEE	231,189	234,958	260,900	25,942	11.0%
RESERVE DOUBTFUL ACCOUNTS	1,050	5,320	4,557	(763)	(14.3)%
SCAVENGING & TRADE WASTE	5,103,702	5,217,995	5,054,202	(163,793)	(3.1)%

The Solid Waste area was established as a utility in 2002. In 2008, City Council passed a motion and later a bylaw to make the Solid Waste Utility a self-funded utility. A self-funded utility is one in which the charges for its services are such as to provide for all funding necessary to operate the utility. Steps taken in 2017 to charge the utilities' customers directly for the services they receive have made this a self-funded utility. The garbage collection and curbside recycling revenue is reflective of these charges for residential garbage and recycling collection.

Revenues for the utility will decline to approximately 5.054 million dollars in 2020. The majority of the decline coming from decreased landfill revenues.

On the expenditure side, the Superintendent and Administration costs have increased as have wages and equipment costs, landfill operations and franchise fees. These increased costs are partially offset by a reduction in the landfill closure contribution for 2020 which is estimated to no longer be required as sufficient funds will have been accumulated for closure and post closure cost funding given the current estimated costs of providing these services.

Overall, the utility is generating a sustainable surplus which will be put towards the planned landfill replacement project. The utility will be able to fund this project and its operations from revenues. As such, City Administration is not proposing any increase in Solid Waste fees in 2020.

Utility Capital Budget

The Utility Capital Budget consists of infrastructure projects for the City's Water, Sanitary Sewer and Solid Waste Utilities.

Waterworks

WATER UTILITY RESERVE 2020 - 2024

	2019	2020	2021	2022	2023	2024	Total
Opening Balance	\$18,071,573	\$8,135,841	(\$12,103,027)	(\$1,757,594)	(\$2,248,107)	(\$2,602,104)	
Contributions during the year	\$7,960,506	\$12,645,937	\$25,504,970	\$11,378,199	\$12,316,706	\$16,419,443	\$78,265,255
Loan Proceeds	\$0	\$15,000,000	\$0	\$0	\$0	\$0	\$15,000,000
less Water Works Projects	\$20,885,349	\$26,645,250	\$15,159,537	\$11,868,712	\$12,670,703	\$12,697,440	\$79,041,642
less Uncompleted Works	\$13,066,249	\$21,239,555	\$0	\$0	\$0	\$0	\$21,239,555
Year End Balance	(\$7,919,519)	(\$12,103,027)	(\$1,757,594)	(\$2,248,107)	(\$2,602,104)	\$1,119,899	

The Waterworks Utility has \$100,281,197 of planned spending over the next five years. In addition, the Buffalo Pound Water Treatment Plant will also be renewed with Moose Jaw responsible for its share of this project.

The infrastructure demands of the utility are large with the following major projects:

Object Account	2019 Carry Forward	2020	2021	2022	2023	2024	Total Including CFWDS
9618 - WW1 WATER DISTRIBUTION	-	653,000	666,000	675,000	675,000	702,000	3,371,000
9604 - WW4 WATER RESERVOIRS	6,450,000	10,000,000	500,000	500,000	500,000	500,000	18,450,000
9612 - WW5 BPWTP	2,764,555	600,000	-	-	-	-	3,364,555
9609 - WW9 FEEDER MAINS	2,725,000	1,600,000	100,000	200,000	1,000,000	1,000,000	6,625,000
9616 - WW16 BPWTP TRANSMISSION LINE	6,200,000	-	100,000	-	-	-	6,300,000
9617 - WW17 CAST IRON WATERMAIN REP	3,100,000	9,900,000	9,900,000	6,600,000	6,600,000	6,600,000	42,700,000
9625 - WW25 WATERWORKS LOAN REPAYMENT	-	3,892,250	3,893,537	3,893,712	3,895,703	3,895,440	19,470,642
Water Utility Reserve Summary	21,239,555	26,645,250	15,159,537	11,868,712	12,670,703	12,697,440	100,281,197

Funding for the utility's capital needs will come from:

Utility Revenues	\$23,565,345
Gas Tax funding	\$10,451,676
ICIP funding	\$18,332,800
Municipal Taxation	\$14,477,934
Proposed Infrastructure Levy	\$ 8,437,500
Contributions Sanitary Sewer Utility	\$ 3,000,000
	\$78,265,255

The Waterworks Utility will also need to borrow \$15,000,000 in 2020 to meet all planned financial commitments. The capital demands on the utility are significant and are providing an extreme funding challenge for the utility. The financial model for this utility is based upon a number of assumptions such as approval by Council of the Infrastructure Levy, contributions from Sanitary Sewer Utility and ICIP funding for the reservoir and pumphouse project. City Administration is recommending a 6% utility rate increase in 2020. If some of the assumed funding sources do not materialize, then additional borrowing and future rate increases will be required.

Sanitary Sewer

SANITARY SEWAGE UTILITY RESERVE 2020 - 2024

	2019	2020	2021	2022	2023	2024	Total
Opening Balance	\$5,568,202	\$7,416,337	\$3,701,591	(\$1,852,326)	(\$4,365,252)	(\$1,351,988)	
Contributions during the year	\$4,494,632	\$4,968,532	\$5,177,544	\$5,372,142	\$5,708,096	\$6,180,184	\$27,406,498
less Sewer Projects	\$3,838,494	\$5,761,278	\$10,731,461	\$7,885,068	\$2,694,832	\$2,060,000	\$29,132,639
less Uncompleted Works	\$1,075,000	\$2,922,000	\$0	\$0	\$0	\$0	\$2,922,000
Year End Balance	\$5,149,340	\$3,701,591	(\$1,852,326)	(\$4,365,252)	(\$1,351,988)	\$2,768,196	

The Sanitary Sewer Utility has \$32,054,639 of planned spending over the next five years.

Object Account	2019 Carry Forward	2020	2021	2022	2023	2024	Total Including CFWDS
9731 - S1 SANITARY SEWERS	1,790,000	2,676,000	1,785,000	1,340,000	1,350,000	1,360,000	10,301,000
9733 - S3 WASTEWATER TREATMENT PLANT	1,005,000	1,000,000	1,400,000	500,000	500,000	500,000	4,905,000
9734 - S4 LIFT STATIONS	127,000	540,000	6,000,000	4,500,000	200,000	200,000	11,567,000
9725 - S25 WASTEWATER LOAN REPAYMENT	-	1,545,278	1,546,461	1,545,068	644,832	-	5,281,639
Sanitary Sewage Reserve Summary	2,922,000	5,761,278	10,731,461	7,885,068	2,694,832	2,060,000	32,054,639

Funding for the utility's capital needs will come from:

Utility Revenues \$27,406,498

These revenues generated from the utility will be sufficient to meet its financial commitments.

The Sanitary Sewer Utility provides for all of its Capital Funding from the surplus that comes from the operation of the utility and any available grant funding. The Financial Model for this utility calls for 5% rate increases over the next five years which if approved, would put the utility in a position to be able to fully fund its capital works from the utility rates that it generates. This is the definition of a self-funded utility and where all of the City's utilities need to work towards.

The borrowing repayments will be completed in 2023 at which time it may make sense to combine the utility with the Waterworks utility. This combining of utilities would allow for some of the funding generated within the Sanitary sewer Utility to be directed to Waterworks.

Solid Waste

SOLID WASTE UTILITY RESERVE 2020 - 2024

	2019	2020	2021	2022	2023	2024	Total
Opening Balance	\$340,344	\$1,722,300	\$3,230,963	\$3,866,673	(\$4,448,976)	(\$2,853,060)	
Contributions during the year	\$1,832,305	\$1,676,163	\$1,753,210	\$1,684,351	\$1,613,416	\$1,711,949	\$8,439,089
less Solid Waste Projects	\$15,000	\$117,500	\$1,117,500	\$10,000,000	\$17,500	\$17,500	\$11,270,000
less Uncompleted Works	\$100,000	\$50,000	\$0	\$0	\$0	\$0	\$50,000
Year End Balance	\$2,057,649	\$3,230,963	\$3,866,673	(\$4,448,976)	(\$2,853,060)	(\$1,158,611)	

The Solid Waste Utility has \$11,320,000 of planned spending over the next five years.

Object Account	2019 Carry Forward	2020	2021	2022	2023	2024	Total Including CFWDS
9211 - SW1 SOLID WASTE	50,000	117,500	1,117,500	10,000,000	17,500	17,500	11,320,000
Solid Waste Reserve Summary	50,000	117,500	1,117,500	10,000,000	17,500	17,500	11,320,000

Funding for the utility's capital needs will come from:

Utility Revenues \$8,439,089

These revenues generated from utility charges will be sufficient to fund the utilities planned financial commitments.

The utility faces a major landfill expansion or replacement project at an estimated cost of \$11 million dollars. This project will see the landfill's life extended or a new landfill developed.

Decisions made by City Council in 2017 to move towards a fully self-funded utility model, bi-weekly garbage collection, partial curb side collection, increased landfill rates and a residential garbage fee have significantly increased the annual contribution from Solid Waste operations to capital. The contributions are of a magnitude such that borrowing is not anticipated to be needed over the next five-year period. As well, for 2020 City Administration is not recommending any rate increases.

Summary

The City of Moose Jaw 2020 Budget was based upon the Budgeting Policy approved by City Council in 2019. In that policy there were 9 guiding principles of budgeting. The City has utilized these in developing this budget:

1. *The City should live within its means* – In preparing this budget, every effort has been made to find solutions and ways to fund programs and services that are efficient and effective while living within available funding parameters. For example, there were additional requests for staffing that have not moved forward to City Council as departments have been challenged to find other ways of finding solutions.

2. *The City should only budget what work can reasonably be expected to be completed within each year* - In reviewing capital requests, City Administration has made every effort to only include capital works projects that can be completed. An example of this would be the increase in the Cast Iron Watermain Project to \$9,900,000 in 2020 and 2021. This could have been increased to \$13,200,000 in 2020, but it was not felt that this was realistically an amount of work the City could accomplish in one year.
3. *The City should seek to invest in infrastructure when productivity, efficiency and effectiveness increases are possible* – Capital projects that provide a payback have been given a high priority in the Capital Plan submitted for approval. Examples would include the solar power initiative for facilities and additional cast iron replacement.
4. *The City may borrow from reserves on a short term basis (7 to 10 years), however the borrowing must be paid back with interest at the expected rate of return that the Institutional Investing program provides* – The current economic climate makes it more cost effective to externally borrow than to utilize internal funds from reserves. The best example of this is the proposed \$15,000,000 in external borrowing for the water utility in 2020. The external rate of borrowing will be less than the expected rate of return on the invested reserves.
5. *The City should generally focus on completing one major study at a time before starting another and ensure that the existing systems are operating as intended before completing a study to determine system enhancements* – An effort has been made to limit the number of studies and ensure studies are completed and acted upon before new studies are commenced. A good example of this is the solid waste study that is underway in Engineering. Once this study is complete, the department will look at other areas.
6. *The City should be innovative and make the most effective use of its existing funds* – This budget incorporates a number of innovative ideas such as the implementation of a VOIP telephone system, solar initiatives for facilities, and the crushing of waste concrete to produce aggregate.
7. *The City should reduce reliance on external consultants and where possible and economically feasible develop the required expertise internally* – Over the years, the City has become more and more reliant on external consultants to provide expertise. There has been a general overall culture developed that reinforces the idea that someone external telling the City how to do things is the best way to proceed. A concerted effort has been made to break away from that way of thinking and utilize existing resources and their expertise. A good example of this is the pathway study which is being undertaken with internal resources from Planning and Parks and Recreation. The resulting cost savings are significant.
8. *The City should seek to centralize functions and refine core services when prudent to do so* – There is a conscious effort within this budget to centralize services. A good example of this is the movement of education and training funding resources to the Human Resource Services Department where they can be consistently managed in conjunction with the succession planning program. There are also a number of efforts underway to centralize procurement practices for things like electrical and plumbing services and office supplies.

9. *City Administration is expected to carefully scrutinize every budget item and only present to City Council what is considered necessary* – The budget presented to City Council has been scrutinized for efficiencies and effectiveness in the delivery of the various programs and services. A by-product of this scrutiny is an Operating Budget that requires a 1.02% municipal tax increase to fund.

The resulting budget requests for 2020 are:

General Operating Budget request	\$ 50,088,967
General Capital Budget request for new spending	10,422,142
Equipment Reserve Budget request for new spending	3,851,496
Utility Operating Budget request	25,844,987
Utility Capital Budget request for new spending	<u>32,524,028</u>
Total Spending Request	<u>\$122,731,620</u>

Additional funding required to fund this budget request:

	Cost per month
1.02% Municipal Tax Increase for Operating Budget	\$ 1.24
1.00% Municipal Tax Increase for General Capital Budget	1.22
6.00% Waterworks Utility Rate Increase	3.64
5.00% Sanitary Sewer Utility Rate Increase	2.45
Infrastructure Levy	<u>7.08 *</u>
	<u>\$ 15.63</u>

* Note: additional cost from \$15 Hospital Levy

Council New and Referred Items

A number of items have been referred, tabled, or will be presented at Budget discussions. These items include:

1. **Police Service Budget** – The submission of the Police Service Operating and Capital Budget estimates occurred at the November 18, 2019 Special City Council meeting. The net Operating Budget request from the Police Service is \$10,129,563 an increase of 3.26% over 2019 levels of funding. A contribution of \$110,000 from the Traffic Safety Reserve and Capital Funding of \$67,500 is being requested. The preliminary budget estimates contain the requested amount of funding for the Police Service.
2. **Public Library Budget** - The submission by the Moose Jaw Public Library Board occurred at the November 18, 2019 Special City Council meeting. The net budget request of \$1,206,944 is currently incorporated into the overall City Budget and represents a 1.39 % increase over 2019 levels. The Equipment Budget, which is one of the three budgets before Council for approval, contains a request from the Public Library. That request is for \$49,381 in equipment purchases for 2020.
3. **Urban Forestry Program** – Trees are an important part of a vibrant, liveable city. Growing research supports the many benefits of an urban forest on the environment, economy and human health. Moose Jaw's publicly owned and managed urban forest has an estimated population of fifteen thousand (15,000) trees with an estimated collective value of \$90-\$100 million. Like many other City assets, the City's

urban forest requires annual maintenance funding to ensure it remains healthy, safe and valuable into the future. The Parks and Recreation Department is requesting a 2-person urban forestry crew to ensure dedicated and trained staff are maintaining the City's urban forest year-round. The Department is also requesting to expand the contracted block pruning program which would decrease the City's tree pruning cycle from thirty-three (33) years to fourteen (14) years. The total cost of both requests is \$60,035.00.

4. **EDC Initiatives** – The EDC area will be bringing forward a request to City Council for funding to carry out a Business Retention and Expansion Triage program, with a focus on Value-add Agriculture and Food Production as well as a request for financial support for the Rural and Northern Immigration pilot program. The total cost of both requests is \$20,000. There is also a request for travel related to land development for \$10,000.
5. **Aggregate Program** – Engineering Services will be bringing forward a request to proceed with a program to create aggregate for use in City works as well as for resale. The aggregate would be produced from waste concrete collected by the City. The funding for this program would come from the City's cashflow for inventories with anticipated savings coming from the use of this aggregate versus the City purchasing aggregate.
6. **Parks & Recreation Capital Funding Shortfall** - The Parks and Recreation Department has identified a shortfall in the Department's Capital Budget. The proposed 2020 Capital Budget is also 2% less than the 10-year Capital Budget average, while City facilities and infrastructure continue to age. The report identifies the risks associated with underfunding facility renewal projects as well as an overview of the current Capital Budget, the current unfunded projects and a request for an additional \$295,000 in capital funding in 2020.
7. **Slope/Slumping Program** – The Engineering Services area will be proposing a Slope/Slumping program for Council's consideration.
8. **Fluoridation** –The decision on whether to invest the required capital funding to continue to provide fluoridation of the City's water supply will come before Council for their considerations.
9. **Investment Earnings proposed Drawdowns** – Now that the City of Moose Jaw has developed a revised Investment Policy and contracted a professional portfolio manager, it is necessary for the City to annually determine the drawdown of these funds. A report will be placed on the agenda outlining the proposed drawdowns for 2020 and requesting Council's approval. These proposed drawdowns have been incorporated into the preliminary budget that has been presented to City Council.

10. **Infrastructure Levy** – Council considered options for an infrastructure levy in September of this year and referred the matter to budget deliberations. City Administration is recommending a levy of \$100, the same basis as the previous hospital levy. The levy is necessary to provide the last portion of funding for the ongoing cast iron project. The original funding for the cast iron project annually was:

Municipal Taxation	\$1,537,000
Local Improvement Levy	\$1,608,000
Contribution from Utility	\$2,225,000
Utility Savings	\$ 480,000

for a total of \$5,850,000 million annually to fund it. After the referendum on the LIP funding portion of the cast iron program, it left a shortfall in annual funding of \$1.608 million. The implementation of an infrastructure levy would satisfy this funding shortfall.

11. **Recycling Contract Renewal** – City Council had referred this communication to budget for consideration in conjunction with the overall budget process.
12. **3rd Party Funding Groups** – City Council entertained a number of third party funding groups at the November 18th, 2019 Special City Council meeting. That communication was subsequently referred to budget deliberations for further consideration. All of the groups presenting with the exception of the Moose Jaw and District Seniors Association and the Cosmos Senior Citizens Association all have funding allocations in the budget equal to last year's level of funding plus a 2% cost of living increase. There is currently no funding in the preliminary budget allocated to the Moose Jaw and District Seniors Association, the Cosmos Senior Citizens Association or 2021 Moose Jaw Air Show.

OPTIONS TO RECOMMENDATION

Other direction as Council deems appropriate.

COMMUNICATION PLAN

The objectives of communication activities related to the 2020 Budget are to communicate the City's long-term financial planning, investment in infrastructure renewal and service delivery as outlined in the proposed budget. Detailed information is available on [Moose Jaw Budget](#).

Administration actively engaged residents to understand their spending priorities as part of pre-budget planning. An online survey was promoted on MooseJaw.ca to obtain feedback on the key spending priorities of residents. A total of 212 respondents completed the survey with infrastructure, water and wastewater listed as top spending priorities. A majority of those that responded also expressed support for an infrastructure levy and modest tax increases to maintain services.

In conjunction with the release of the proposed 2020 Budget, detailed information will be available online at [City of Moose Jaw 2020 Budget](#).

The objectives of communication activities related to the recommended 2020 Utility Budget are to inform residents of its anticipated impact on utility bills. The City will work to help residents better understand how the utility works, the services delivered and how the capital investment over the period will be undertaken.

From November 15 to 26, the City will encourage residents to learn about the proposed budget. Following City Council's approval of the 2020 Budget, the City will provide information to the public on the approved budget and its impact on the average homeowner. As well, utility customers will receive information in their Utility Bills to provide information on the rate increases and the Utility.

STRATEGIC PLAN

The City's budget is based upon the Strategic Plan and is structured such that funding is provided to enable the various programs and services to work towards the goals and objectives of the Strategic Plan.

FINANCIAL IMPLICATIONS

The 2020 Preliminary Budget presented to City Council proposes the following:

- General Operating Budget request of \$50,088,967
 - A municipal tax increase of 1.02% to fund operating cost increases.
 - A municipal tax increase of 1.00% directed to the General Capital Budget for the funding of Parks and Recreation capital projects.
- General Capital Budget request of \$10,422,142 in 2020
 - \$6,096,400 for Transportation
 - \$1,072,995 for Parks and Recreation
 - \$2,395,247 for Other Services
 - \$67,500 for the Police Service
 - \$790,000 for Storm Sewers
 - Request to redirect \$1,300,000 of Southeast Subdivision sale proceeds to the General Capital Budget in 2020.
- Equipment Reserve Budget request of \$3,851,496 in 2020
 - \$2,505,298 Engineering Equipment
 - \$261,823 Parks & Recreation Equipment
 - \$520,556 Information Technology Equipment
 - \$302,407 Fire Service Equipment
 - \$261,412 all other departments and third party groups.
- Utility Operating Budget request of \$25,844,987
 - \$11,936,008 Waterworks Utility
 - 6% rate increase requested for 2020
 - \$100 infrastructure levy requested

- \$8,854,777 Sanitary Sewer Utility
 - 5% rate increase requested for 2020
- \$5,054,202 Solid Waste Utility
 - No rate increases requested for 2020.
- Utility Capital Budget request of \$32,524,028 for 2020
 - \$26,645,250 Waterworks
 - \$5,761,278 Sanitary Sewer
 - \$117,500 Solid Waste.

The impact on the average homeowner:

	Cost per month
1.02% Municipal Tax Increase for Operating Budget	\$ 1.24
1.00% Municipal Tax Increase for General Capital Budget	1.22
6.00% Waterworks Utility Rate Increase	3.64
5.00% Sanitary Sewer Utility Rate Increase	2.45
Infrastructure Levy	<u>7.08 *</u>
	<u>\$ 15.63</u>

* Note: additional cost from \$15 Hospital Levy

PRESENTATION

AUDIO/VISUAL: Mr. Brian Acker, Director of Financial Services, will provide a verbal overview of this report.

ATTACHMENTS

1. *2020 City of Moose Jaw Preliminary Budget.*

REPORT APPROVAL

Written by: Jim Puffalt, City Manager; Brian Acker, Director of Financial Services
 Reviewed by: Tracy Wittke, Assistant City Clerk
 Approved by: Jim Puffalt, City Manager
 Approved by: Fraser Tolmie, Mayor

To be completed by the Clerk's Department only.

Presented to Regular Council or Executive Committee on _____.

No. _____ Resolution No. _____

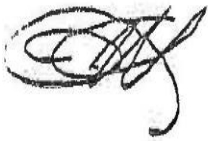
Report Approval Details

Document Title:	City of Moose Jaw 2020 Budgets - -2019-0236.docx
Attachments:	- City of Moose Jaw 2020 Budget.pdf
Final Approval Date:	Nov 22, 2019

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Tracy Wittke was completed by assistant Maureen Latta

Tracy Wittke

A handwritten signature in black ink, appearing to be 'JP' or similar, with a large loop and a trailing flourish.

Jim Puffalt

No Signature - Task assigned to Fraser Tolmie was completed by workflow administrator Maureen Latta

Fraser Tolmie