

CITY OF MOOSE JAW

TO: MEMBERS OF THE BUDGET COMMITTEE

Mayor Tolmie, Chairperson	Councillor Swanson
Councillor Froese	Councillor Warren
Councillor McMann	Councillor Luhning
Councillor Mitchell	

Please be advised that His Worship, Mayor Tolmie, has called a Budget Committee meeting on **Monday, April 10, 2017**, at 4:00 p.m. to 6:15 p.m. in the Scoop Lewry Room, 2nd Floor of City Hall, in order to deal with the following:

AGENDA

1. Referred matter, report dated March 16, 2017 from the Engineering Services Department, **re: Solid Waste Utility Report.**
2. Report dated March 28, 2017 from the Engineering Department, **re: Transit and Parking Rate Review.**
(To be considered in conjunction with Tabled Matter - Report dated March 15, 2017 from the Engineering Department, **re: Transit and Parking Rate Review.**)
(Referred Matter: "THAT the letter dated March 26, 2017 from Mr. Pat Morrison, citizen, be referred to Budget Committee to be considered in conjunction with agenda item #2 – Transit and Parking Rate Review.)
3. Tabled matter, report dated February 6, 2017 from the Parks and Recreation Department, **re: Natatorium and Phyllis Dewar Outdoor Pool.**

"THAT the matter of the Natatorium and Phyllis Dewar Outdoor Pool be tabled for consideration of follow-up action."
4. Report dated March 28, 2017 from the Financial Services Department, **re: Provincial Budget Impact on City of Moose Jaw.**
5. Report (Communication #7) dated January 11, 2017 from the City Manager, **re: Operating and Capital Budget Estimates.** *(Please bring the budget binders distributed with this communication.)*
6. Report dated January 19, 2017 from the Financial Services Department, **re: Operating and Capital Budget Approval Process.** *(Please bring report.)*

CITY OF MOOSE JAW

DATE: March 16, 2017
TO: Budget Committee
FROM: Engineering Department
SUBJECT: Solid Waste Utility report

PURPOSE:

The purpose of this report is to provide Council with more information related to the City of Moose Jaw's Solid Waste Utility and make recommendations with regards to service changes and the utility rate structure.

BACKGROUND:

City council at its budget meeting on February 23, 2017 tabled the Solid Waste presentation in consideration of a report to follow with recommendations.

DISCUSSION:

Moose Jaw's Solid Waste Utility is comprised of landfill operation, recycling programs and waste collection. 2017 budgeted expenses are \$1.7 million for operations, \$760k for curbside recycling, \$180k for administration and \$810k for capital costs (closure & expansion/replacement of landfill) for a total cost of \$3.45 million. 2017 revenue projected to be \$1.6 million from the landfill, \$935k from the curbside recycling program, \$188k from MMSW and \$725k from general revenue for a total of \$3.45 million in revenue. Bylaw No. 5156, Waste Management Bylaw, states the following

Section 3 - Public Utility Established

- (1) A self-funded public utility service is hereby established for the collection, transportation, storage, management and disposal of Waste and Recycle.

The Solid Waste Utility is not completely self-funded. It requires an allocation from general tax revenue to operate and current capital reserve allocations are not sufficient. As well, not all costs associated with the operation of the utility are expensed or acknowledged. Further to Bylaw No. 5156:

Section 3 – Public Utility Established

- (3) The public utility service referred to in subsection (1) shall be operated as a self-funded entity in accordance with the following provisions:
 - (a) The City Engineer shall establish a Solid Waste Utility Reserve;

- (b) The City Engineer is authorized to reserve funds as needed for the capital and operating programs of the public utility; and;
(c) The City Engineer shall establish a Recycle Utility Reserve.

A SWOT (Strengths, Weaknesses, Opportunities & Threats) analysis was conducted on the Solid Waste Utility in 2016. This analysis further revealed multiple weaknesses and threats facing the utility. The current expected lifecycle remaining in the City of Moose Jaw's landfill is less than three years and the capital reserve level is insufficient. Additionally, waste collection level of service is poorly defined, manual collection still exists in a portion of the city, waste bin replacement has grown to significant levels, back lane collection is problematic, recycling diversion is low and revenue rates are very low.

Provincial Regulations have/are changing for landfills. They are becoming more stringent to reduce environmental impact. Saskatchewan has more landfills than any other province. The trend is for modern landfills to serve regions, providing a higher level and a more sustainable service.

RESIDENTIAL WASTE COLLECTION

Level of Service

As illustrated in the chart below, there are several different types of properties that receive collection in the city through both a private contractor and the City of Moose Jaw. The current level of service creates inequities in collection providing unfair and inconsistent service to different members of the community.

	CONTRACTOR		CITY			
	# of Bins	Units Serviced	# of Bins	Size		Units Serviced
				95 Gallon	300 Gallon	
Please note that Contractor bins would be the larger 6 yard bins						
Duplex (2 Units)	-	-	246	246	-	246
Apartments/Townhouses (3-6 Units)	4	24	46	39	7	85
Apartments (6 or More Units)	80	1406	104	41	63	724
Trailer Courts (private property)			347	347	-	347
Care home & Senior Facilities	11	11	19	9	10	17
Businesses	178	178	21	15	6	21
Churches	3	3	4	3	1	4
Totals	276	1622	787	700	87	1444

With the exception of two unit duplexes, all of the above properties generate much more waste than a residential dwelling. Most of them operate as a business for profit and the individual occupants do not pay taxes directly to the City. All of the trailer courts and some of the apartment properties require the City to operate on private property. The City does not own,

service or maintain the infrastructure on these properties (roads, water lines, hydrants, etc.) yet is accepting liability by operating heavy vehicles on them.

The City uses two different size waste bins to service these properties, 95 gallon and 300 gallon. The different size waste bins create problems with collection which will be discussed in the waste bin section. Private contractors are much better suited to provide collection on these properties. The City's residential collection would operate most efficiently servicing properties in alignment with the recycling program.

Standardization of service results in operational efficiencies and savings. Using the correct equipment and maximizing utilization of the equipment results in customers (residents) that meet the criteria paying less. In the City's collection operation the inefficiencies and additional costs associated outweigh the addition of costs for commercial (contractor) service providers. The commercial service providers have the specialized equipment to service large property's efficiently, i.e. large capacity box dumpsters with fewer pick-ups.

Manual Collection

The City still performs manual collection from approximately 680 properties because the back lanes are too narrow for the automated equipment to operate in. This requires operation and maintenance of a stand-alone manual garbage truck for these properties only. Manual collection is also much more exposed to potential employee repetitive and strain related injuries.

Waste Bins

Annual waste bin replacements are projected to cost the City \$116,000 (1200 bins) in 2017. There are four factors that contribute to this failure rate:

- 1) The industry expectation for waste bins is an average of ten years life cycle which we are at this year. While there has not been a mechanism previously for tracking waste bin replacements, it is estimated that the City has replaced 3500-4000 bins in the last eight years. This seems to indicate that the age of the waste bin is not a primary factor in failure.
- 2) The composition of the City's waste bins since the beginning of the program has been high density polyethylene. This material is not well suited to our climate or use of the product. Medium density polyethylene is better suited to our climate as it is less rigid or brittle and has greater impact resistance. The switch to this composition was done in July of 2016 with approximately 800 already deployed.
- 3) The City currently collects waste with 65, 95 and 300 gallon waste bins. The belt clamping device on the collection trucks is not adjustable in the field, it is set initially before the truck is deployed. In order to service the 300 gallon waste bins, more clamping pressure is required to prevent losing it into the collection truck when it is being emptied. This increased pressure does have the potential to crack the smaller waste bins particularly when temperatures are low.
- 4) Back lane collection waste bins fail at a rate 69% higher than curbside waste bins. Broken wheels are 1100% higher. It is assumed this is attributed to such things as vehicle contact and uneven surface conditions in the lanes.

Back Lanes

In addition to the increased waste bin failures from back lanes, there are several other operating challenges. Back lanes are a ‘money pit’ in regards to operational maintenance, \$266,204 in total combined budget in 2016, with no appreciable change in condition from the start versus the end of the program. A very conservative estimate from industry studies concludes that 52 Weekly passes of our waste collection trucks is equivalent to approximately 2600 passenger vehicles (50/week).

There are many lanes in the city that we either wholly or partially do not own. Once again this puts the City in the position of operating on private property. There are a few instances currently where property owners have refused to allow the City to operate on their property forcing collection to the front curbside as a result.

Utilizing information from the City’s GPS program it has been determined that curbside collection is more efficient than both manual and back lane collection (est. \$87,000/annum) and less problematic than back lane collection (overhead lines, private property damage, waste bin congestion, etc.). Operation in back lanes also presents risk and danger to the public.

Recycling Diversion

Data suggests there is significant room for growth within the City’s recycling program. Increased diversion is important not only from an environmental point of view but will also aid in extending the current life cycle remaining in the landfill. The following table is from the 2013 State of Waste Management in Canada report prepared for the Canadian Council of Ministers of Environment (CCME).

Province	Waste Diversion
PEI	61%
Nova Scotia	42%
British Columbia	35.4%
Nfld & Lab	29%
Ontario	22.9%
Quebec	22.9%
New Brunswick	22.4%
Manitoba	15.8%
Alberta	15.4%
Saskatchewan	13.2%

Following is a summary of the last three years of recycling and residential waste collection quantities in Moose Jaw:

	2014	2015	2016
Annual recycling (tonnes)	943 (8.3%)	750 (7.2%)	1477 (13.3%)

Residential waste collection (tonnes)	10,460	9,663	9,630
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Industry estimates are that 40% of all residential waste is recyclable. The above statistics indicate there is significant opportunity to increase recycling activities in the City.

Residential Waste Collection – Collection Schedules and Pay-for-Service

If the City were to change the frequency of waste collection, there are potentially significant efficiencies that can be realized with staff and equipment. Changes to the frequency of collection have been proven to positively impact recycling diversion rates. Utilities typically operate under the premise that a fee or rate is exchanged for a service provided. Currently there are many municipalities across the country that have implemented a fee-for-service program including the majority of Saskatchewan cities. The following table identifies the fee-for-service structure that Saskatchewan municipalities have implemented for their residential waste collection service:

City	Rate	Schedule	Service
Yorkton	\$10.65	Weekly	Waste
North Battleford	\$9	Bi-weekly	Waste
Swift Current	\$8.50	Weekly	Waste
Prince Albert	\$17	Bi-weekly (8 months)	Waste + Recycling
Estevan	\$7.30	Weekly	Waste
Weyburn	\$5.05	Weekly	Waste (env. & landfill decom. fee)
Regina	\$0	Weekly	Waste
Saskatoon	\$0 (in process)	Bi-weekly (7 months)	Waste
Moose Jaw	\$0	Weekly	Waste

A utility rate is visible to residents and directly tied to the level of service provided. This creates cost awareness and transparency as opposed to services financed through general tax revenue. If the City were to consider a waste collection fee it is recommended first that level of service is standardized; waste collection is provided to single family properties and 2 unit duplexes only. It is assumed that this would lead to a commercial business increase at the City Landfill estimated at \$55,000. Secondly, move all collection to automated collection and front curbside service. This creates a fair and equal service allowing for an even application of a rate and provides for an efficient use of City time and equipment. The following three options presented assume these changes.

Option 1

Collection schedule stays at current model, five business day schedule (weekly).

\$9.14/property/month or \$109.68 annually

This option does nothing to contribute to increased recycling activity. There are no additional savings for this option.

Option 2

Collection schedule changes to a seven business day schedule (pick-ups vary on a 9, 11 or 12 day cycle if bridging 1 or 2 weekends and stat holidays)

\$7.64/property/month or \$91.68 annually

Additional \$204,140 in reduced operating costs from option 1

This option is assumed to begin promoting additional recycling activity. A 5% waste reduction was factored in as part of this rate. The rotating schedule requires education and may create confusion for the residents.

Option 3

Collection schedule changes to a ten business day schedule (bi-weekly)

\$6.57/property/month or \$78.84 annually

Additional \$348,515 in reduced operating costs from option 1

This option assumes further recycling activity than option 2. A 10% waste reduction was factored in as part of this rate.

LANDFILL

The current lifecycle is estimated at less than three years as mentioned previously. Cell closure activities are required and are significant as are the costs associated with the creation of a new cell or landfill. This requires an immediate need to increase capital resources. Landfill rates and tipping fees can be evaluated for further revenue potential. Following is a list of current landfill rates in Saskatchewan:

SK Landfills	Residential Flat Rate	Commercial Tipping Fee (tonne)
Saskatoon	\$15 (150 kg)	\$105
North Battleford	\$5 + tip rate	\$85.50
Regina	\$10 (200 kg)	\$80
Prince Albert	\$10 (150 kg)	\$65
Swift Current	\$5	\$60
Yorkton	\$6.50 (500 kg)	\$55
Weyburn	\$10	\$46
Estevan	\$10	\$46
Moose Jaw	\$8	\$40

As noted above, the City of Moose Jaw is far behind other municipalities with respect to generating revenue to sustain its Solid Waste Utility. The majority of activity at the landfill is through commercial enterprises and as such the majority of the burden for funding the utility should not be borne by the residents at large. Changes to the landfill fees support activity based consumption of available airspace, a landfill's most critical asset. **A residential flat rate of \$10/load and a commercial tipping fee of \$60/tonne.** A review of other rates should be conducted at a future date. These changes would have a substantial impact on utility sustainability and as reflected above, the City would still only be in the middle of the pack with respect to other municipalities. At this rate the capital requirements of a new cell or landfill could be addressed. It should be noted that increased rates can impact the amount of waste received which are also subject to economic fluctuations.

SOLID WASTE UTILITY REVENUE & EXPENSE MODEL

The below model is based on a ten day (bi-weekly) collection schedule. It assumes the move to a standard level of service with regards to single family homes and 2 unit duplexes, front curbside pick-up and a monthly residential collection fee. The three average for commercial tonnage at the City Landfill is 29,355 tonnes, revenue estimates following assume 27,000 tonne activity level.

	2017 Tonnes	2017 Tickets	#	Proposed Rate	Revenue
Recycling Revenue					\$935,915
MMSW Grant					\$188,000
Commercial	27000			\$60.00	\$1,620,000
Commercial w/add				20.2%	\$1,947,240
Residential Solid Waste Rate			11300	\$6.57	\$890,892
Resident tipping		23,165		\$10.00	\$231,650
Non-resident tipping		237		\$20.00	\$4,740
Commercial – Additional business	0.77		1198	\$60.00	\$55,348
Community Clean-up**		5524		\$10.00	\$55,240
Hazardous Waste**					\$30,000
Potters					\$30,000
Total Revenue					\$4,283,785
**not included in revenue projection					

Description					Expenses
Solid Waste Operation					\$1,213,697
Curbside Contract (recycling)					\$759,170
Administration					\$180,000
Total Expenses					\$2,152,867

The Solid Waste Utility would realize an estimated \$4.25 million in revenue and \$2.1 million in expenses in this model. Capital reserve requirement is estimated at \$1.1 million/year. There is an estimated remaining amount of \$1 million that can be paid to the City of Moose Jaw in the form of a franchise fee for expenses associated with the operation of the utility in the community. In

addition to this, the general tax revenue of \$725,000 allotted to the Solid Waste Utility can now be reallocated back to general tax revenue for new services, increased level of services or other budgetary considerations. The utility would be able to provide a more sustainable service to the residents of Moose Jaw.

SUMMARY

In summary the solid waste utility structure needs to be formalized and consolidated. Operational changes that result in savings (changes to collection) should be implemented and through the utility these savings can be passed on to customers (residents). Costs associated with the operation of the utility need to be accounted for in the rate structure. This includes capital costs for expansion/creation and closure activities and costs associated with operation of the utility in the community.

In order address the challenges facing the solid waste utility in a cost effective and responsible manner the recommendations in this report can be summarized and reflected in the chart below which illustrates the financial impact to individual homeowners.

	Current	Proposed*
Landfill	\$2.51**	\$0 (in rates)
Recycling	\$6.90	\$6.90
Collection	<u>\$0 (\$5.35 tax revenue)</u>	<u>\$6.57</u>
Total	\$14.76	\$13.47

*Assumes curbside pick-up, standardized duplex and single family home pick up, bi-weekly collection schedule and landfill rate changes

**\$10,000,000 amortized over 10 years = \$8.96/month (11,300 homeowners), 28% of landfill revenue residential collection, 72% other

Potential Franchise fee/tax reallocation	Current	Proposed*
	\$0	\$12.72 (\$1,725,000)
Road Rehabilitation	\$0	\$5.72
Bridges	\$0	\$5.00
Storm Maintenance	\$0	\$2.00

The proposed changes are recommended as a whole to provide the most impact to the utility. The relative financial impact of the proposed initiatives within the recommendations can be identified as follows:

Change	Cost Reduction	Revenue
Standard level of service + curbside collection	\$87,000	\$55,348
Ten business day collection	\$348,515	
Waste Collection Fee		\$890, 892
Landfill Rate Changes		\$696,358

For reference annual budget estimates are provided below:

	2017 Budgeted	2017 Proposed (full year)
Revenue	\$3.45 million*	\$4.3 million
Expenses	\$2.65 million	\$2.2 million
Capital Contribution	\$810 k	\$1.1 million
Franchise Fee	0	\$1 million

*includes \$725k from general tax revenue

Due to the current position in the calendar year, it is recommended that any changes be implemented effective July 1, 2017 allowing for proper communication and implementation. This would effectively reduce 2017's financial impact by 50%.

RECOMMENDATION:

- 1) THAT the City Solicitor be directed to bring forward amendments to Bylaw no. 5156 in accordance to the following recommendations that are passed.
- 2) THAT City residential waste collection be moved to front curbside collection.
- 3) THAT a standard level of service is adopted with waste collection whereby single family dwellings and 2 unit duplexes receive collection; all other properties receive waste collection through a commercial service provider.
- 4) THAT the City waste collection schedule be changed to a ten business day (biweekly) model.
- 5) THAT the City charge a waste collection fee of \$6.57 per month or \$78.84 per annum to each resident receiving waste collection service.
- 6) THAT the City Landfill rates be adjusted as follows:

Residential Flat Rate	\$10
Commercial Tipping Fee (per tonne)	\$60

Respectfully submitted,

Josh Mickleborough

Josh Mickleborough, P. Eng.
Director of Engineering
/ds

Darrin Stephanson

Darrin Stephanson
Municipal Operations Manager

CITY MANAGER'S COMMENTS:

Myron Gulka-Tiechko
A/City Manager

MAYOR'S COMMENTS:

Assuming the utility rate fee on residential
Collection provides a corresponding decrease
in the tax mill rate?

Coun. Don Mitchell
Mayor

CITY OF MOOSE JAW

DATE: March 28, 2017

TO: Budget Committee

FROM: Engineering Services

SUBJECT: Transit and Parking Rate Review

PURPOSE:

The purpose of this report is to update the City’s Budget Committee with further information on the consultation with the Downtown Business Group with respect to transit and parking pricing strategy.

BACKGROUND:

At the City’s Budget Committee Meeting on March 20, 2017, the following tabling motion was passed:

“THAT transit fares be changed as follows:

<i>Fare</i>	<i>Adult</i>	<i>Student</i>	<i>Senior</i>
<i>Cash</i>	\$1.25	\$1.25	\$1.25
<i>10 ride tickets</i>	\$12.00 (\$1.20)	\$12.00 (\$1.20)	\$12.00 (\$1.20)
<i>Monthly Pass</i>	\$65.00	\$52.50	\$35.00
<i>Monthly Pass (Summer)³</i>	---	---	---
<i>Semester Pass</i>	---	\$237.50	---
<i>Annual Pass¹</i>	---	---	\$200.00
<i>Family Pass²</i>	\$55.00	\$42.50	---
<i>Day Pass</i>	\$6.00	\$6.00	\$6.00
<i>Discounted Pass</i>	\$25.00	\$25.00	---

THAT maximum limit for parking in off-street lots be increased to 5 hours; and

THAT Monthly Parking fees be increased to \$78 for non-electrified spaces and \$88 for electrified spaces; and

THAT parking meter rates be increased by 25 cents per hour for all meters; and

THAT all rate changes be effective on July 1, 2017; and further

THAT parking and transit budgets be linked.”

Vote Delayed by Tabling Motion.

Moved by Coun. Swanson

THAT the matter be tabled pending input from the downtown group recently organized.

The Tabling Motion was Carried.

This report provides information with respect to that consultation.

DISCUSSION:

On March 21, 2017, administration met with the head of the Downtown Business Group to discuss the Transit & Parking Pricing Strategy Report presented to Council Budget Committee on March 20, 2017. A synopsis of the report was discussed. At the initial meeting there was an agreement that the Administration Report would be discussed at an upcoming meeting of the Business Group. That meeting occurred on March 27, 2017.

The Downtown Business Group represents the 100 or so businesses in the downtown core and has been active for the past year. At their meeting on March 27, 2017, they discussed the Administration Report on transit & parking pricing. The outcome of the meeting was that the group supported the recommendations with the exception of the following.

- Parking in the downtown core (prime area) be permitted for up to three hours without reloading the meter.
- Parking payment methodologies be reviewed to include “pay by phone”, credit card and debit card payments.
- Individual meters be changed out to pay stations and pay stations be linked so that payment at one applies to all.

Based on our last inventory, there are approximately 215 meters in the downtown core (prime area). Assuming a 70% overall occupancy for 8 hours each business day, \$0.25 per hour parking fees represents \$75,000 in annual revenue.

FINANCIAL IMPLICATIONS:

The proposed changes to transit fares are anticipated to result in a decrease to overall revenue of just shy of \$31,000 while the proposed increases in parking would generate approximately \$98,000 for a net gain of \$67,000 +/- for 2017.

ATTACHMENTS

March 20, 2017 Budget Committee Report – Transit & Parking Rate Review.

RECOMMENDATIONS:

THAT Transit fares be amended to those shown in Table 2; and,

THAT maximum limit for parking in off-street parking meters be increased to 5 hours and 3 hours for on-street parking meters; and,

THAT Monthly Parking fees be increase to \$78 for non-electrified spaces and \$88 for electrified spaces; and,

THAT parking meter rates be increased to reflect a cost of \$1.00 per hour for all meters outside of the downtown core (prime area); and,

THAT parking meters be increased to a cost of \$1.75 per hour for all meters in the downtown core (prime area); and,

THAT all rate changes be effective on July 1, 2017; and further

THAT parking and transit budgets be intrinsically linked.

Respectfully submitted,

Mark Sture
Mark Sture
Manager of Transit & Fleet

Mark Sture
for Josh Mickleborough, P. Eng.
Director of Engineering Services

CITY MANAGER'S COMMENTS:

Matt Noble
City Manager

MAYOR'S COMMENTS:

I appreciate the recommendations brought forward from this group.

Fraser Tolmie
Mayor

CITY OF MOOSE JAW

March 15, 2017

TO: Budget Committee

FROM: Engineering Services

SUBJECT: Transit and Parking Rate Review

PURPOSE:

The purpose of this report is to provide the City's Budget Committee with information and rationale around transit and parking rates in the City of Moose Jaw.

BACKGROUND:

As City's grow a key goal is intensification within the downtown area and defined zones downtown. As development and intensification occur in the downtown, the availability of parking spaces compared to developed square feet will diminish. As a result active transportation and transit play a more important role.

With the development of Mosaic Place there was a loss of about 100 off-street parking spaces. The development on River Street and other vacant lands will also eliminate both public and private off street parking spaces.

The municipal contribution (property tax support) for transit has increased in dollars for the past few years, and the overall ratio is approximately 64% of operating costs.

The purpose of this report is to recommend transit and parking pricing strategies that create a relationship between the fare structure for transit and overall parking pricing, encourages the use of transit, and fosters a sustainable transportation behaviour.

DISCUSSION:

Transit fares were last increased in July 2015, at which time there was a \$0.25 increase (about 10%) in cash fares to \$2.50; multi-ride fares increased by a similar ratio. There was an adjustment to the discounted monthly pass rates in April 2016 which saw an increase of \$5.00 per month (\$20 to \$25) to match the Provincial level subsidy. This was the first increase in the price the City charged from the program inception in 2006. Also in the fall of 2016, the City introduced a Semester Pass for Students. The Semester Pass represented a 9.5% discount over the cost of 5 monthly student passes.

The current fare structure is shown in Table 1 below.

TABLE 1

Fare	Adult	Student	Senior
Cash	\$2.50	\$2.25	\$2.25
10 ride tickets	\$22.50 (\$2.25)	\$18.00 (\$1.80)	\$18.00 (\$1.80)
Monthly Pass	\$65.00	\$52.50	\$33.00
Monthly Pass (Summer)	---	\$23.00	---
Semester Pass	---	\$237.50	---
Annual Pass	---	---	\$180.00
Family Pass ¹	\$55.00	\$42.50	---
Day Pass	\$6.00	\$6.00	\$6.00
Discounted Pass	\$25.00	\$25.00	---

1. When purchased together

Over the past three years, there have been attempts to enhance transit service, firstly through the provision of evening service; unfortunately, this came at the expense of daytime service, reducing daytime service to 60 minutes from 30 minutes. Secondly, there was a reduction in evening hours and the addition of about 80 minutes of added service on Wednesday, Thursday and Friday evening. Finally, with the relocation of the Moose Jaw hospital from Fairford Street East to Diefenbaker Drive, transit run times were increased from 30 to 40 minutes to account for the additional route length.

Over the three years there has been a slow decline in ridership, resulting in lower than projected revenues from our casual riders (cash fares). With some strategic pricing and active marketing, it is hoped that this trend can be reversed.

Transit fares are typically established based on the net revenues required to operate the system as offset by municipal taxes and other miscellaneous revenues such as advertising and charters. The fare structure uses Adult Cash fares as the base and then discounts the fare for other categories of riders to achieve the following objectives:

- Stimulate increased usage or shift ridership between fare categories (reducing per ride fare costs for frequent users).
- Recognize social objectives and improve fare equity among users (based on demographics and socio economic factors, such as senior and low income fares).

As noted in the October 2013 report to the Transportation Service Advisory Committee (November 29, 2013 Council meeting), transit riders are either discretionary riders (they have a choice) or captive riders (they have no choice). All transit operators try to increase discretionary riders, as that is where there is growth potential.

Some of the ways to attract discretionary riders is through scheduling, level of service, pricing and also strategic pricing of parking.

Scheduling & level of service. Increasing service by reducing headway (time between buses) can attract riders. However, this would require additions to the fleet and operational costs.

The City will shortly be purchasing new buses which should improve the level of comfort for passengers (reliable and comfortable).

Pricing – can impact ridership. In the past, price adjustments have been generally implemented by adding a percentage or monetary increase across all fare categories. The last fare increase was implemented in July 2015 by adjusting the Adult cash fare and raising other fares by a similar percentage (rounded to nearest nickel).

It is likely prudent to conduct a fare pricing review. There is an elasticity in the pricing of transit fares with incremental increases in fares resulting in a loss of riders. This was explained in the Fare review report presented to Council Executive on March 31, 2014.

Typical rationale has seen transit raise fares to increase revenues – Regina recently increased cash fares to \$3.25 for adults. Brandon, MB has taken a different stance and reduced fares to \$1.00 while eliminating transfers between routes; revenues and ridership in Brandon have increased since that change.

Parking Currently, there is no relationship between the cost for parking at the City's on and off street parking areas and transit rates.

A comprehensive parking rate review has not been completed for many years. During the 2015 budget, it was noted that the cheap cost of parking in Moose Jaw is detrimental to the usage of the city's transit as the cost to park was well below the cost of a return cash trip on the bus. At this time the metered parking rates were increased slightly, but parking is still relatively inexpensive in Moose Jaw.

Pay parking in the City is in effect from 7:00 am to 6:00 pm, Monday to Friday. There is no charge on weekends or statutory holidays. All paid parking is currently via individual parking meters, although some monthly parking is permitted through select "reserved" spaces in a couple of City lots. There are just over 1000 parking meters in the City, primarily in the downtown core – Athabasca Street to Manitoba Street and 2nd Avenue NE to NW. Most parking is limited to 2 hours, but there are some 5-hour spaces in the River Street lots (east of Main Street).

Based on the 2012 Transportation Master Plan, parking utilization is between 85% and 100% in the core area and around 60% in the periphery of the core during the period of 10 am to 2 pm Monday to Friday.

Except for Main Street, Manitoba Street to Ross Street, and half a block on each side, parking fees are \$0.25 for 20 minutes (\$0.75 per hour). In the prime area, parking rates are \$0.25 for 10 minutes (\$1.50/ hour). All lots are \$0.25 per 20 minutes.

There is a waiting list for the reserved monthly parking. Based on discussions with Treasury personnel, costs vary depending on the location, but are in the range of \$45-55/month (non-electrified & electrified).

To encourage use of transit, parking fees should be higher than a return cash trip on the bus. The current return trip cost is \$5.00. At current parking rates, 2 hours of parking has a cost of \$1.50, (70% in favour of the motorist), while 8 hours (a typical work day) costs \$6.00 (20% in favour of transit). This is in non-prime area. In prime area parking costs are \$3.00 for 2 hours and \$12.00 for a day. If a spot is available, monthly parking in the City is \$45-55.00 month and a Monthly transit pass is \$65.00, almost 18% to 31% in favour of the motorist. Paying the transit cash fare for the same period would be more than \$100/month. This is illustrated in the chart below.

	Transit	Parking
2 hours	\$5.00	\$1.50 - \$3.00
8 hours	\$5.00	\$6.00 - \$12.00
Monthly	\$65 - \$100	\$45 - \$55

Studies in Canada and the US have shown a strong statistical link between parking price, availability and the use of transit. See the report published by the *Strategic Transit Research Program – report STRP 12-1 Developing transit Supportive Parking Policies-(November 2000)* and a *Parking Management and Supply* report produced by the *Transit Cooperative Research Program – report 95 – Traveller response to Transportation System Changes – (2003)*.

According to the Victoria Transportation Policy Institute – 2002

“In most communities, (particularly outside of large cities) transit dependent people are a relatively small portion of the total population while discretionary riders (people who have the option of driving) are a potentially large but more price sensitive market segment. As a result, increasing transit ridership requires pricing and incentives that attract travellers out of tier car. Combinations of fare reductions and discounted passes, higher vehicle user fees (such as priced parking or road tolls), improved transit service, and better marketing can be particularly effective at increasing transit ridership and reducing automobile use.”

Our transit and parking rate policies need to be linked to ensure that transit fares are consistently priced lower than monthly parking rates.

Proposed Transit Fares

As identified above, the last full increase in transit fares was in July 2015, with a couple of minor changes to individual fare categories since that time. Transit fares should be reviewed on a periodic

basis to ensure that they remain consistent with the goals of the city and attain a reasonable return on the investment made to keep the service. The table below shows the proposed fares to be effective on July 1, 2017.

TABLE 2

Fare	Adult	Student	Senior
Cash	\$1.25	\$1.25	\$1.25
10 ride tickets	\$12.00 (\$1.20)	\$12.00 (\$1.20)	\$12.00 (\$1.20)
Monthly Pass	\$65.00	\$52.50	\$35.00
Monthly Pass (Summer) ³	---	---	---
Semester Pass	---	\$237.50	---
Annual Pass ¹	---	---	\$200.00
Family Pass ²	\$55.00	\$42.50	---
Day Pass	\$6.00	\$6.00	\$6.00
Discounted Pass	\$25.00	\$25.00	---

1. Effective with the sale of 2018 Annual Passes
2. When purchased together
3. Eliminated

Fares with changes have been highlighted in the table. Significant changes to be noted are the elimination of the Student Summer Pass. The rationale for implementing the Summer Student passes at a discounted rate was because they were not in school and therefore not using the bus as much. There is no empirical data for this rationale.

Cash fares have been decreased to \$1.25 for all fare groups, while 10-ride tickets have decreased \$22.50 to \$12.00. There has been no change to monthly pass fees.

The Senior Monthly pass has a modest increase of \$2.00 – still half the cost of the Adult Monthly pass, and the Senior Annual passes have increased from \$180.00 to \$200.00 – still costing about the same as 3 months of Adult Monthly passes.

The proposed decrease in cash fares is based on conversations with Brandon Transit (a peer transit system – albeit a little more mature). They reduced their fares two years ago and have continued to see growth in ridership and no discernable drop in revenue.

The proposed fare rates are for this year – our 60th Anniversary as a City Department. The reduction in transit fares should assist in attracting more riders to the system. Along with the fare decrease is the elimination of transfers; individuals requiring two buses to complete their journey would be required to deposit a fare in each bus. An individual taking one bus will pay half the current fare, while one taking two buses will pay the same as the current fare.

Proposed Parking Rates

Applying the concept of a premium for daily parking, the meter rates should increase to \$1.00 per hour for all spaces (\$8.00 for the day). A similar premium for monthly parking should be applied to increase the monthly parking rates to \$78.00-88.00 (non-electrified & electrified). \$78/month represents \$3.71 per day and \$0.46 per hour.

It is recommended that the 5-hour lots be amended to increase the maximum time to 8 hours to reflect the actual activity at these locations. It is also recommended that the River Street lots be revised to allow for an 8-hour maximum. Some individuals have been observed attending the lot every two hours to refill the meter. Given the desire to maintain turnover, the City Hall lot should remain as a two-hour maximum.

These changes, particularly the monthly parking fees which almost double, may be difficult to swallow, but are necessary to encourage some movement towards transit.

FINANCIAL IMPLICATIONS:

Changes to the transit fares should have minimal impact on overall transit revenue. Decreases to cash fares should be partially offset by an expected increase in ridership. Conservatively, with no increase in ridership, it is estimated that transit cash revenue would drop to about \$61,700 compared to projected budget of \$123,400. The overall difference in 2017 with six months of fare adjustment would be approximately \$30,850 reduction in cash revenue. It is also estimated that the Monthly Pass revenues would also remain static.

An increase in parking rates would see a revenue increase in the first full year of about 75% for monthly parking permits or about \$17,600 (approximately \$3,800 in 2017). There is a demand for these spaces, so it is not envisioned that there will be more than a 5% vacancy in the use of these spaces overall. Increases to the cash rates is estimated to bring in 25% in additional revenue in the first full year, the current budget is \$758,000 (approximately \$94,700 in 2017). It is anticipated that increases in parking fees will have the desired impact of diverting motorists to transit. Overall increase in parking revenue for a full year is anticipated to be \$197,000 (or \$98,500 for the balance of 2017).

The revised revenue projections for 2017 budget would be:

Transit cash fares:	\$92,550 (down \$30,850)
Parking revenue:	\$856,500,700 (up \$98,500)
	Net revenue increase of \$67,650

ATTACHMENTS

Regina, Saskatoon & Brandon Transit Fare Schedule

RECOMMENDATION:

It is recommended:

1. THAT Transit fares be increased to those shown in Table 2
2. THAT maximum limit for parking in off-street lots be increased to 5 hours;
3. THAT Monthly Parking fees be increase to \$78 for non-electrified spaces and \$88 for electrified spaces;
4. THAT parking meter rates be increased by 25 cents per hour for all meters;
5. THAT on-street Parking Meters on Main Street from High Street to Ominica Street be limited to one (1) hour and all other on-street parking meters be limited to two (2) hours
6. THAT all rate changes be effective on July 1, 2017
7. THAT parking and transit budgets be linked

Respectfully submitted,

Mark Sture
Mark Sture, A.Sc.T.
Transit & Fleet Manager
MS/

Josh Mickleborough
Josh Mickleborough
Director of Engineering Services

CITY MANAGER'S COMMENTS:

Myron Gulka-Tiechko
A/City Manager

MAYOR'S COMMENTS:

Coun. Don Mitchell
D/Mayor

Brandon Transit Fares

Smart Card \$3.25

30 Day Pass

Adult \$76.00

Youth (6-17 YRS) \$43.00

Senior (60 YRS +) \$43.00

Post Secondary \$48.00

10 Ride

Single Fare Ride

Adult \$12.00

\$1.35

Youth (6-17 YRS) \$9.75

\$1.10

Senior (60 YRS+) \$9.75

\$1.10

0 - 60 Trips Per Month

61+ Trips Per Month

Handi-Transit \$4.00

\$8.00

Transit Charter (in city)

Regular - per hour or part thereof

Sunday/Holiday - per hour or part thereof

\$175.00

\$231.75

REFERRED MATTER

CITY OF MOOSE JAW

LETTER OF TRANSMITTAL

TO: Executive Committee **DATE OF MEETING:** April 3, 2017
FROM: City Clerk/Solicitor's Department **FILE:** 1902-1
SUBJECT: Letter dated March 26, 2017 from Mr. Pat Morrison, citizen
Re: Request to Address Executive Committee – Parking Meter Time Limits

BACKGROUND/COMMENTS:

The City Clerk/Solicitor's Department received the attached letter dated March 26, 2017 from Mr. Pat Morrison, citizen, requesting permission to address members of the Executive Committee regarding parking meter time limits. Specifically, Mr. Morrison is suggesting a 3 hour time limitation on parking meters instead of the current 2 hour limitation to allow curlers the opportunity to complete a game before the parking meters expired.

This matter is also being addressed by the City's Budget Committee as part of a strategic transit and parking pricing report. Parking at City meters was addressed at the March 20, 2017 Budget Committee meeting and was tabled pending further input from the Downtown Business Group.

Administration met with the Downtown Business Group on March 27, 2017. The outcome of the meeting was that the group supported the recommendations of Administration and, in addition, suggested the following:

- Parking in the downtown core (prime area) be permitted for up to three hours without reloading the meter.
- Parking payment methodologies be reviewed to include "pay by phone", credit card and debit card payments.
- Individual meters be changed out to pay stations and pay stations be linked so that payment at one applies to all.

It is recommended that this matter be referred to Budget Committee.

RECOMMENDATION:

1. THAT Mr. Pat Morrison, citizen, be allowed to address members of the Executive Committee with respect to parking meter time limits.
2. THAT the letter dated March 26, 2017 from Mr. Pat Morrison, citizen, be referred to Budget Committee to be considered in conjunction with agenda item #2 – Transit and Parking Rate Review.

Request to Address Executive Committee – Parking Meter Time Limits

Respectfully submitted,

Tracy Wittke
Tracy Wittke
Assistant City Clerk
/hs/ms
Attach.

Josh Mickleborough
Josh Mickleborough, P. Eng.
Director of Engineering Services

CITY MANAGER’S COMMENTS:

Matt Noble
CITY MANAGER

MAYOR’S COMMENTS:

Fraser Tolmie
MAYOR

PAT MORRISON

17 DAHLIA CRES

M J S 6 J 1 E 7

694-4085

687-8894





March 26, 2017

ATTENTION: CITY CLERK

I purpose that 3 hour meters be put on High Street West in the 100 block. There are 2 hour meters there now and it doesn't give you enough time to curl a game and get to your car in 2 hours. Not enough parking in Mosaic parking lot for all the curlers to park in unpaid spots. Three hour meters on this block would not create problems for businesses especially when it is a low customer based area. If you get a parking ticket every game it doubles the cost of curling.

I feel this ticket is unfair and I would like it to be cancelled. The number of the ticket is 3122982.

Thanks for your time,

Pat Morrison

Pat Morrison

CITY OF MOOSE JAW

March 28, 2017

TO: Budget Committee

FROM: Director of Financial Services & City Manager

SUBJECT: Provincial Budget Impact on the City of Moose Jaw

PURPOSE:

The purpose of this report is to provide Budget Committee with an overview of the Provincial Budget impact on the City of Moose Jaw as well as options for addressing the shortfalls created by the Provincial Budget.

BACKGROUND:

The City of Moose Jaw's budget before taking into consideration the financial impact of the Provincial Budget, currently sits at a 3.79% municipal mill rate increase. If the recommendations for Solid Waste and Transit are adopted, the required mill rate increase for 2017 would be a 2.07% increase to the municipal mill rate of which 1.65% is dedicated to watermain replacement. The utility budgets included a 15% rate increase for water customers, a 6% rate increase for wastewater customers and a move to a direct charge to solid waste residential customers of \$6.57 a month. The majority of these increases can be attributed to the need to fund infrastructure renewal.

The budget included a number of efficiencies as well as longer term investments that will pay dividends to the City in the future.

The Provincial Budget Impact

The Provincial Budget was delivered on March 22nd, 2017 and had a significant direct impact to the City of Moose Jaw on several fronts.

The first was an additional cut in revenue sharing to be received from the province in 2017. The City had originally estimated, like all cities, that provincial revenue sharing would be down 5.1% or \$370,596 from 2016 levels due to 1% of PST generating less monies in the 2015-16 fiscal year. The City was surprised to learn that its revenue sharing amount would be reduced a further \$509,673 due to the decision by the Provincial Government to utilize the 2016 census figures rather than the 2011 figures. This move was surprising given most cities had finished budgeting utilizing 2011 census figures as the basis for distribution. The end result of the use of the new numbers is that it rewards municipalities with high population growth and penalizes those with lower growth. A review of the grant amongst the 16 cities show 5 received increased funding, including Saskatoon and Regina while 11 received reduced amounts.

The second impact of the Provincial Budget was the elimination of grants in lieu of taxes paid by SaskPower, SaskEnergy, and TransGas. This funding forms a significant amount of funding both to the Operating as well as the General Reserve portion of the Capital Budget.

The SaskPower payment received annually by the City consists of a surcharge portion and a grant in lieu portion. The surcharge is approximately 2/3 of the monies received and the grant in lieu portion 1/3. The City was projecting to receive \$5,388,835 in 2017; however, with the elimination of the grant in lieu of taxes it will receive \$3,604,473 a reduction of \$1,784,362 in 2017.

In addition to reducing the SPC payments, the Provincial Government also eliminated the municipal surcharge payment that the City receives from SaskEnergy and TransGas. Both of these utilities assess a 5% charge on all natural gas sales within the City of Moose Jaw on customer's monthly billings. The City has been informed that effective April 1st, 2017 that these payments will be discontinued. The estimated loss for 2017 is \$449,000 from SaskEnergy and \$56,800 from TransGas. In 2018 the full impact of these losses will be felt by the City and will be in the \$900,000 range in total. Both the SaskEnergy municipal surcharge and the TransGas municipal surcharge go directly into the City's Operating Budget as revenue.

The third area impacted by the Provincial Budget was Provincial Sales Tax (PST). The Provincial Sales Tax was increased 1% and broadened to include items like insurance and most notably for the City construction services. The impact to the City and in particular the Capital Budget is significant and detailed in the table below:

Operating	\$83,230
Transit	\$882
Solid Waste	\$5,852
Water	\$30,202
Sewer	\$23,974
Capital - General	\$319,488
Capital - Water	\$393,381
Capital Sewer	\$64,065
ER	\$30,328
	<u>\$951,402</u>

The final impact noted in the Provincial Budget was a decrease in the remuneration of Provincial Cabinet Ministers by 3.5%. The City of Moose Jaw Mayor and Council are impacted by this as the Mayor's remuneration is tied to 47% of a Cabinet Minister's salary and Council's remuneration is tied to the Mayor's remuneration. The end result is a reduction in Mayor & Council Remuneration totalling \$5,535 in 2017.

The table below summarizes the overall impact of the Provincial Budget:

Summary of Provincial Budget Impact on the City's current Budgets	
Operating Budget	
Revenue Sharing	\$509,673
PST	\$84,112
GIL losses	\$984,704
Mayor/Council Pay	-\$5,535
	<u>\$1,572,954</u>
Capital Budget	
GIL Losses	\$1,305,458
PST	\$776,934
	<u>\$2,082,392</u>
Utilities Operating Budgets	
PST	<u>\$60,028</u>
Equipment Reserve Purchases	
PST	<u>\$30,328</u>
Grand Total Impact	<u>\$3,745,702</u>

There has been some indication from the Provincial Government that municipalities in Saskatchewan should utilize their reserves to fund these shortfalls. First of all, reserves are generated from the municipalities' revenue sources over periods of time to provide funding for necessary capital works, equipment purchases and programs and services. Municipalities require reserves in order to be able to save up to do these types of things. If having reserves is not possible because they are used for unintended purposes, the results are twofold.

First of all you don't have the funds in place to do the capital works you need to do as a municipality. The only option then is to borrow the funds to finance the necessary capital works. The end result is you lose the interest you are earning on those reserve funds and you end up paying interest on the monies you borrow.

Even in this low interest rate period, the City benefited from its reserves by receiving approximately \$4,000,000 in investment earnings last year. These investment earnings help to fund capital works, acquire equipment and contribute to general revenues to fund City programs & services. On top of that, if the City had to borrow for its roughly \$40,000,000 in annual capital spending, it would incur interest costs of approximately \$1,000,000 a year. So if one puts this in perspective, having reserves even in these low interest rate periods benefits the City approximately \$5,000,000 a year which equates to 20 percentage points of taxation; taxation that would be required if not for the City's reserves. As interest rates return in the future towards more long-term normals, one sees an almost doubling of this benefit to the citizens of Moose Jaw.

The City's reserves are mostly dedicated for things ranging from Land Development, Equipment purchases, Waterworks Capital needs, etc. The only portion of reserves which are partially unencumbered are the Capital Equity reserve of approximately \$35,000,000. These reserves are not dedicated to any specific project, but rather the investment earnings from these funds go to provide an annual stream of revenue to the Capital Budget to partially fund capital works. The value of having these types of funds can't be overstated. As at least some members of Council will recall that these Capital Funds were proposed to be the source of funding for our citizens to finance their portion of the local improvement program over 20 years at 4%. This type of financing and benefit to our citizens was only possible because these reserve funds existed.

So in summary, use of reserves to fund the shortfalls created by the Provincial Budget on an ongoing basis would be short sighted and not sustainable. As well, once the reserves were spent, our citizens would see increased pressures on the municipal mill rate.

DISCUSSION:

The provincial Budget has left the City of Moose Jaw in a difficult financial situation as detailed in the background to this report. City Administration has reviewed the situation and focused on how the City can fund the shortfalls for the 2017 budget year. It would be recommended that consideration on longer term funding solutions to these shortfalls and future additional shortfalls in future years be deferred to the 2018 budget process. This would include a pre-planning session with Council in late August or early September in which longer term strategies can be discussed to deal with the ongoing shortfalls the City will be facing.

As a result of this focus on 2017, Council will see that a number of the potential options for managing the 2017 budget shortfalls are one-time solutions that will not be able to be replicated for future years.

Shortfalls Utility Operating & Equipment Reserve Budgets

The shortfalls in these budgets are relatively small, approximately \$60,000 utilities and \$30,000 in the Equipment Reserve Budget. These shortfalls are caused by increases in the Provincial Sales Tax and the shortfalls can be managed within the existing budgets for these areas. Therefore, no further mitigation of these losses is recommended.

Shortfall Capital Budget

The Capital Budget was impacted by the Provincial Budget in two ways. The first was that the Capital Budgets will face additional costs due to the increase in Provincial Sales Tax and the broadening of that tax to construction services. That impact is estimated at approximately \$776,000 in 2017.

City Administration would recommend that these increased costs be managed within the existing budget allocations for the various Capital Budget programs. For example TR-1 Paved Roadways has a proposed Capital Budget for 2017 of \$3,395,000. It is estimated that the changes to the Provincial Sales Tax will add approximately \$180,000 in additional costs in 2017.

So by maintaining the budget at the current levels and managing the increased costs within the approved budget allocation, the end result will be that the City will likely in most cases end up doing a little bit less paving, micro sealing and roadway rehabilitation. By doing this, the reductions caused by the PST will be managed within existing budget allocations.

The other major impact on the Capital Budget is the loss of SPC grant in lieu funding. The estimated impact on the General Reserve portion of the Capital Budget is approximately \$1,305,000. This loss of funding and the impact over the next five years is shown in the General Reserve Capital Budget Summary below:

**GENERAL CAPITAL RESERVE SUMMARY
 2017 - 2021**

	2016	2017	2018	2019	2020	2021	Total
Carry over from previous year	\$ 8,680,684	\$ 7,085,488	\$ (1,304,733)	\$ (6,910,183)	\$ (11,838,706)	\$ (16,617,174)	
SPC Funds Available	\$ 3,898,871	\$ 2,667,310	\$ 2,865,949	\$ 3,074,519	\$ 3,293,518	\$ 3,523,467	\$ 15,424,763
Hospital Levy	\$ 1,586,000	\$ 1,607,000	\$ 1,607,000	\$ 415,116	\$ -	\$ -	\$ 3,629,116
Taxation Revenue	\$ 2,416,945	\$ 2,896,306	\$ 2,896,306	\$ 2,896,306	\$ 2,815,956	\$ 2,735,606	\$ 14,240,480
Capital Expenditure Fund Interest	\$ 1,425,000	\$ 1,225,000	\$ 1,425,000	\$ 1,675,000	\$ 1,675,000	\$ 1,875,000	\$ 7,875,000
Land Sale Proceeds	\$ 1,000,000	\$ 1,280,000	\$ 1,530,000	\$ 2,000,000	\$ 1,750,000	\$ 1,750,000	\$ 8,310,000
Parks Dedication Reserve	\$ 221,000	\$ 253,500	\$ 95,000	\$ 405,000	\$ 185,000	\$ 185,000	\$ 1,123,500
Federal/Provincial Contributions	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Surplus	\$ -	\$ 1,180,000	\$ -	\$ -	\$ -	\$ -	\$ 1,180,000
DFFH Capital Contribution	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fundraising Contributions	\$ 656,989	\$ 656,989	\$ 656,989	\$ -	\$ -	\$ -	\$ 1,313,978
Transfer to Waterworks	\$ (1,568,879)	\$ (2,039,376)	\$ (2,039,376)	\$ (2,039,376)	\$ (2,039,376)	\$ (2,039,376)	\$ (10,196,880)
Uncompleted Works	\$ (7,843,793)	\$ (6,030,143)	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Funding Available	\$ 11,497,817	\$ 10,782,074	\$ 7,732,135	\$ 1,516,382	\$ (4,158,608)	\$ (8,587,477)	\$ 42,899,957
Transportation	\$ 5,539,000	\$ 6,360,420	\$ 8,123,757	\$ 8,525,039	\$ 8,733,397	\$ 8,963,061	\$ 40,705,674
Parks and Recreation	\$ 1,216,855	\$ 1,092,485	\$ 1,669,160	\$ 1,276,395	\$ 958,675	\$ 861,000	\$ 5,857,715
Other Services	\$ 3,978,477	\$ 3,913,902	\$ 3,979,401	\$ 2,783,654	\$ 1,946,494	\$ 1,528,928	\$ 14,152,379
Police Services	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 200,000
Fire Services	\$ 74,084	\$ 120,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ 180,000
Downtown Facility & FieldHouse	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storm Sewers	\$ 225,000	\$ 600,000	\$ 800,000	\$ 700,000	\$ 750,000	\$ 650,000	\$ 3,500,000
Total Funding Required	\$ 11,108,416	\$ 12,086,807	\$ 14,642,318	\$ 13,355,088	\$ 12,458,566	\$ 12,052,989	\$ 64,595,768
Surplus/Shortfall	\$ 389,401	\$ (1,304,733)	\$ (6,910,183)	\$ (11,838,706)	\$ (16,617,174)	\$ (20,640,466)	
25% Alloc to Roads & Sidewalks	\$ 97,350	\$ -	\$ -	\$ -	\$ -	\$ -	
Final Surplus/Shortfall	\$ 292,051	\$ (1,304,733)	\$ (6,910,183)	\$ (11,838,706)	\$ (16,617,174)	\$ (20,640,466)	

As can be seen from the chart there is a shortfall of \$1,304,733 in 2017 and \$20,640,466 at the end of 2021. The focus for the City is to provide funding for the 2017 programs and address the \$1,304,733 shortfall. In fact the Cities Act, 2003 requires this:

“Contents of capital budget

130 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).”*

City Administration would propose that this shortfall in the General Capital Reserve be made up as follows:

Remaining Available Accumulated Surplus	\$880,000
Monies Reserved for Incubator Mall	\$ 72,033
Land Development Funds	\$352,700

The use of \$880,000 in accumulated surplus funding will exhaust the excess monies in this reserve. The use of the monies set aside for an incubator mall a number of years ago will have no impact as that project has fallen by the wayside. Lastly, the use of an additional \$352,700 in Land Development funds in addition to the \$8,310,000 of those monies already contained in the Capital Budget over the next five years should have a minimal impact overall.

As mentioned previously, the other Capital Reserves being Waterworks, Sanitary Sewer, Solid Waste and Land Development are all able to satisfy their funding needs through increased customer charges, Gas Tax Funding, Municipal Taxation appropriations, reserves, borrowing and self-financing.

The only other option to deal with the Capital Budget shortfall would be to increase the mill rates 8.32%.

Shortfall Operating Budget

The Operating Budget was impacted \$1,572,954 by the Provincial Budget. This primarily consisted of a cut in revenue sharing, grant in lieu revenue losses and increased PST.

City Administration has reviewed the current shortfall and have identified a varied range of potential sources of additional funding or cost cutting measures that will help to mitigate this downloading from the Provincial Government. It should be noted that some of the measures that will be proposed are one time and not sustainable over the longer term. This means that for 2018 and beyond, new revenue sources will be required or program reductions will need to occur. As indicated earlier, the focus of administration at this point in time is to mitigate the 2017 losses which come to the City which is already 25% through its fiscal year.

City Administration would propose the following:

Contribution from Traffic Safety Initiative Reserve	\$172,505
Contribution from the Housing Reserve	\$ 59,928
Discontinuation of Murals Funding for 2017	\$ 12,840
Contribution from Fire Service Provisions	\$250,629
Contribution from Reserve for Job Evaluations	\$ 60,000
Downsizing of Outdoor Rink Program	\$ 30,000
Adjustment of Mowing Program	\$ 10,000
Adjustment of Sportsground Maint Program	\$ 20,000
Reduction of Transit Vehicle Maintenance Costs	\$ 45,000
Adjustment of Priority Plow Snow Removal Program	\$ 20,000

A short explanation of each of the proposed budget adjustments follows:

Contribution from the Traffic Safety Initiative Reserve

This reserve totals approximately \$800,000 and is a result of the proceeds from the automatic speed enforcement program. The intent of the funds is to provide funding for traffic safety and it would be proposed that for 2017 this reserve be utilized to provide funding for the City's traffic count, traffic sign and traffic line programs which total \$172,505.

Contribution from the Housing Reserve

The City has budgeted \$59,928 to pay its share of operating losses of social housing programs it has partnered with other levels of government in funding. The Housing Reserve totals approximately \$600,000 and came about from the proceeds from the sale of these types of housing units. Therefore, it is being proposed that for 2017, this be the source of funding for this program.

Discontinuation of Murals Funding for 2017

The murals program will have a carry forward of funds from prior years of approximately \$35,000 at the end of 2016. The discontinuation of the annual funding allotment of \$12,840 is not expected to have a significant impact on this program for 2017.

Contribution from Fire Service Provisions

The Fire Service annually reserves funds for future potential collective agreement settlements and other associated costs such as arbitration. The reserve currently sits with an excess of \$250,629 which Administration would recommend utilizing as funding in the 2017 Operating Budget.

Contribution from Reserve for Job Evaluations

The City's CUPE collective bargaining unit utilizes a 1954 Kellog job classification system. \$60,000 had been reserved several years ago to look at potentially replacing this system. Given the City's current fiscal situation, it is likely not the best time to move forward with such a review in 2017. Therefore it is recommended that the monies be returned to the Operating Budget in 2017.

Downsizing of Outdoor Rink Program

Parks & Recreation has reviewed its outdoor rink program and feels that a reduction in the number of outdoor rinks can be made in 2017 without a major impact to the program. The Parks & Recreation Director can provide more information on this initiative as Council requires.

Adjustment of Mowing Program

The Parks & Recreation Department has reviewed its mowing program and feels that some reduction could occur in this program in some of its natural parks areas.

Adjustment of Sportsground Maintenance Program

After a review of the program by Parks & Recreation, it is felt that some relatively minor reductions could occur to the program with minimal effect on users.

Reduction of Transit Vehicle Maintenance Costs

Engineering Services has reviewed its transit vehicle maintenance program and feels that this budget can be reduced \$45,000 for 2017 without any impacts to service levels.

Adjustment of Priority Plow Snow Removal Program

Engineering Services has reviewed the snow removal program and would recommend a reduction in the priority plow portion of the program. Engineering Services can provide more detail as required by Council.

These proposed measures would provide for \$680,902 in increased funding or reduced expenditures for 2017. If Council desires further reductions, it would be Administration's recommendation that the motion approving the Police Service Budget be rescinded and rather that their budget request be sent back to the Board of Police Commissioners requesting that they review their budget and provide back to Council a budget request that reflects these reductions. The rationale for this request being that the Police Service expenditures total \$10,007,049 or almost 22% of Operating Budget expenditures.

City Administration would recommend that any remaining amount of funding required be made up through a municipal mill rate increase. If Council were to adopt all of the recommended changes above, this would require an increase to the mill rate of 3.56%.

The only other option to fund the Operating Budget shortfall would be to fully fund it from a municipal mill rate increase of 6.29%

SUMMARY:

The City of Moose Jaw started the 2017 budget process with the requirement for a 9.13% mill rate increase and a shortfall in its capital funding. City Council and Administration have worked diligently to reduce that mill rate requirement to 3.79% and with a couple of further proposed reductions, would likely see that fall under 3% with 1.65% dedicated to watermain replacement funding.

Unfortunately, on March 22nd the Provincial Budget was delivered and resulted in a reduction in Provincial Funding and increased costs to the City of \$3,745,702. This is the equivalent of a 14.97% municipal tax increase.

City Administration has reviewed this funding shortfall and in this report recommended a number of ways to mitigate the shortfalls with the least impact to our citizens. The mitigation measures are short term and focused on 2017. It would be recommended that consideration on longer term funding solutions to these shortfalls and future additional shortfalls in future years be deferred to the 2018 budget process. This would include a pre-planning session with Council in late August or early September in which longer term strategies can be discussed to deal with the ongoing shortfalls the City will be facing.

The recommendations in this report are extensive and Council will want to carefully review and weigh each potential recommendation with an eye to making decisions that are best for the citizens of Moose Jaw.

ALTERNATIVES:

1. Adopt City Administration's recommendations to fund the shortfalls from the Provincial Budget and increase the municipal mill rate 3.56%.
2. Replace the lost revenues and increased costs as a result of the Provincial Budget by increasing the municipal mill rate 14.97%

RECOMMENDATION:

1. THAT the shortfalls in the Utility and Equipment Reserve Budgets caused by the increase in PST be managed within the existing budgets for those areas.
2. THAT the shortfall in the Capital Budget from PST be managed within the existing budget allocations.
3. THAT the shortfall in General Capital Reserve funding be made up from the following sources:

Remaining Available Accumulated Surplus	\$880,000
Monies Reserved for Incubator Mall	\$ 72,033
Land Development Funds	\$352,700

4. THAT the shortfall in the Operating Budget be made up by the following:

Contribution from Traffic Safety Initiative Reserve	\$172,505
Contribution from the Housing Reserve	\$ 59,928
Discontinuation of Murals Funding for 2017	\$ 12,840
Contribution from Fire Service Provisions	\$250,629
Contribution from Reserve for Job Evaluations	\$ 60,000
Downsizing of Outdoor Rink Program	\$ 30,000
Adjustment of Mowing Program	\$ 10,000
Adjustment of Sportsground Maint Program	\$ 20,000
Reduction of Transit Vehicle Maintenance Costs	\$ 45,000
Adjustment of Priority Plow Snow Removal Program	\$ 20,000

5. THAT the Municipal Mill Rate be increased 3.56%.

Respectfully submitted,

Brian Acker
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Director of Financial Services

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Attach.

MAYOR'S COMMENTS:

Fraser Tolmie
Mayor