

2004 BUDGET

Volume 1 Budget Summary

- As Approved by City Council -

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Office of the City Manager
May 3, 2004

To: His Worship the Mayor,
and Members of City Council

Re: 2004 General Operating Budget and Other Funds Budget

Each year, pursuant to Sections 128 and 129 of *The Cities Act*, City Council is required to adopt an operating and capital budget. The budgets summarized in this document are the 2004 General Operating Budget and the 2004 Costing Fund Budget. **The 2004 General Operating Budget totals \$198 million, an increase of \$7.2 million or 3.8% over 2003.**

Following the 2001 budget process, City Council engaged in a series of planning sessions to discuss a common vision for the community. This was an important step in determining future direction. The vision statement that resulted from the planning session is included in the first section of this document. Through an Executive Committee planning session in January 2004, the vision has been reconfirmed. The vision is important in guiding the budget development and decision process.

The City's fiscal situation is difficult. The reliance by municipalities on the property tax base and the limited growth in the property tax base has led to limited revenue growth. At the same time, municipalities, Regina included, are facing problems of increasing and changing service expectation, increased staff costs and aging infrastructure. Roads, buildings and other infrastructure built during the period of rapid growth are in need of repair or replacement. As a result, revenue and expenditure pressures are occurring at the same time. Continued urban growth and changes in demographics add to the financial dilemma.

The City of Regina has made tough choices in the face of these challenges. Points of note include:

- Mill rate increases have been below the rate of inflation. Since 1990, the City's mill rate has increased by about 20% as compared to an increase in the Consumer Price Index of 36%.
- There is a high and growing recognition from citizens of the value of services for the amount of property taxes paid, and for the quality of services. In 2003, 86% of respondents gave a rating of excellent or good as the overall rating of services. In 1995, the rating was 66%.

The reality for City Council is that there is a fundamental problem with the financial framework for cities. This will continue unless there is a broadening of the tax base for cities, and the inclusion of additional revenue sources that are more closely linked to the growth in the economy.

In recent years, there has been a number of reports and publications released that have focussed on the importance of cities in terms of economic growth, their quality of life and the fiscal challenges being faced by cities. Selected statements from these publications include:

The status quo is not an option. A new way of thinking is urgently required – one that puts the affairs of cities front and centre on Canada's economic and policy radar screen. (TD Economics Report – Derek Burleton)

Only the provinces can ensure that municipal revenue-raising capacity better matches expenditure responsibilities. To mend the growing fiscal gap, provinces first need to consider providing cities with access to new tax tools or creating innovative revenue-sharing formulas that capture the growth potential of other taxes. ^(TD Economics Report – Derek Burleton)

It is unreasonable to expect one tax alone to carry the burden of financing a large city. ^(Canada West Foundation – Casey Vander Ploeg)

To a greater degree than any other large community in Western Canada, the City of Regina has struggled with revenues that have failed to keep up with growth and inflation. ^(Casey Vander Ploeg – Canada West Foundation)

This city [Regina] might be facing some of the toughest fiscal challenges of all the large cities in the West. ^(Casey Vander Ploeg – Canada West Foundation)

The Speech from the Throne on February 2, 2004 included a number of general and specific statements that focus on a new deal for communities. Specific statements in the Speech from the Throne include:

Our communities, our town, our cities are key to our social goals and our economic competitiveness. Large and small, rural and urban, Canada's communities are facing new challenges, often without sufficient resources or the tools they need.

Canada depends on communities that can attract the best talent and compete for investment as vibrant centres of commerce, learning and culture. We want communities that provide affordable housing, good transit, quality health care, excellent schools, safe neighbourhoods, and abundant green spaces.

To this end, the Government of Canada is committed to a new deal for Canada's municipalities.

A new deal that targets the infrastructure needed to support quality of life and sustainable growth.

A new deal that helps our communities become more dynamic, more culturally rich, more cohesive and partners in strengthening Canada's social foundations.

A new deal that delivers reliable, predictable and long-term funding.

The first step in the new deal was to provide municipalities with full relief from the portion of the Goods and Services Tax they now pay effective February 1, 2004. For Regina, the benefit for 2004 is estimated to be about \$2 million. The Federal Government also stated that they "will work with provinces to share with municipalities a portion of gas tax revenues or to determine other fiscal mechanisms which achieve the same goals".

The budget process require choices by City Council to address the balance of services and service levels expected by the community, and the taxes, fees and charges to pay for those services. The diversity of interests in the community exacerbates the difficulty of finding that balance. There is no formula or model to guide such decisions as stated in the following quote from a Federation of Canadian Municipalities document.

Municipal financing and the allocation of resources in a community are the products of the decisions of elected officials working in a democratic process where judgements are made about priorities. No magic formula can substitute for either democratic process or political judgement.

The 2004 General Operating Budget was prepared in accordance with a resolution passed by the Executive Committee at its private meeting on February 17, 2004. The resolution directed that the City Manager:

1. Include in the budget the full benefit of the Federal GST reduction and to bring forward with the budget the steps necessary to achieve the change.
2. Include in the budget an additional \$600,000 in revenue sharing from the Provincial Government in anticipation of the revenue sharing being distributed on a per capita basis in 2004.
3. Prepare the budget with no contingency allowance for appeals.
4. Include a transfer of \$1,500,000 from the General Fund Reserve.
5. Identify further savings to provide for a zero increase in the mill rate for 2004

Further to the direction provided by the Executive Committee, highlights of the 2004 General Operating Budget include:

- There is **no municipal mill rate increase in the 2004 General Operating Budget**. The mill rate for 2004 is 18.6212, the same as in 2003. As per the resolution from the Executive Committee, the property tax budget for 2004 is based on the total assessment as per the 2004 preliminary assessment roll with no contingency for assessment appeals or other assessment reductions.
- The budget includes a **transit fare increase effective July 1, 2004**. An adult fare is proposed to increase from \$1.75 to \$1.90. Further increases are proposed for 2005 and 2006.
- There are **no changes in services or service delivery** in the 2004 General Operating Budget. The budget does include certain cost increases and decreases. Points of note include:
 - The 2004 budget is reduced due to the elimination of the costs in the 2003 budget for the 2003 Civic Election (\$293,600) and the 2003 Centennial Celebrations (\$155,000).
 - In 2003, City Council added \$170,000 to the budget for the purchase of Green Power electricity. The expenditure did not occur in 2003. **There is no provision for Green Power electricity in the 2004 budget.**
 - The 2004 budget **includes approximately \$2.3 million for increased contributions to the Civic Pension Plan**. Both employee and employer contributions increased by 3.65%.
 - The 2004 budget includes **a budget of \$43,190,700 for the Board of Police Commissioners**, an increase of almost \$2.1 million or 5.2% over the 2003 budget.
 - The 2004 budget includes **\$220,000 for debt costs**. The 2004 – 2008 General Capital Program requires \$7 million per year in debt funding. The budget of \$220,000 is for interest costs for a portion of the year and debt issue costs. Costs will increase significantly in 2005 and future years.
 - Additions and specials in the 2004 General Operating Budget include 5 positions in Fire, 3 positions in Legal (one partially funded by Police), and one position in Human Resources

(partially funded by Police). Other additions to the budget are minor and are primarily necessitated by growth of the city.

- The 2004 budget includes **an increase in the Provincial Revenue Sharing Grant of \$1.6 million.**
- **The full benefit of the estimated \$2 million in additional GST rebate has been shifted to the General Operating Budget.** In order for the benefit to be captured in the General Operating Budget, the follow steps were taken, or will be required:
 - The civic portion of the General Operating Budget includes a reduction of approximately \$700,000 as a result of the additional GST rebate.
 - The Board of Police Commissioners reduced their budget request by \$111,500 to reflect the additional GST rebate.
 - Current contributions to capital are proposed to be reduced by \$560,000 to reflect the benefit to the 2004 General Capital Budget of the additional GST rebate.
 - The Utility Surplus Transfer has been increased by approximately \$675,000 in order to shift to the General Operating Budget the estimated benefit that will accrue to the Water and Sewer Utility (operating and capital) of the additional GST rebate.

The development of a budget involves difficult choices. For many budget decisions there are risks and uncertainties. **Significant risks or uncertainties with respect to the 2004 General Operating Budget include:**

- As per the direction from the Executive Committee, the 2004 budget for property tax revenue is based on the 2004 preliminary assessment roll with no contingency for assessment reductions due to appeals or other reasons. Since 1997, the confirmed assessment roll for the year has been less than the preliminary assessment roll. The difference has ranged from \$20 to \$220 million in assessment with an average reduction of about \$127 million. In 2003, the confirmed assessment roll was about \$79 million less than the preliminary assessment roll. In addition, a substantial allowance was established for assessment appeals outstanding at yearend. **It is virtually certain that due to assessment appeal decisions, other assessment reductions that typically occur in a year, and the consideration of appeals outstanding at the end of year, the 2004 property tax revenue will be less than the budget. The uncertainty is whether the shortfall will be offset by decisions for past appeals that result in an increase in tax revenues or reductions that are less than the allowances provided.**
- In order to achieve no municipal mill rate increase in 2004, **there is a transfer from the General Fund Reserve of \$1.7 million.** The total transfer is about \$2.8 million, with about \$1.1 million linked to the funding of one-time reassessment costs. There is substantial risk that the general transfer of \$1.7 million may not be sustainable in the long term. If it is not, then there must be growth in other revenues to replace the transfer, or expenditure reductions must be considered.
- **All civic collective agreements expired at the end of 2003.** The collective agreement for the Police Association expires at the end of June 2004. The impact of negotiations with respect to new collective agreements with the civic and Police unions is an uncertainty for 2004.
- **The City is still faced with a substantial infrastructure deficit.** While additional revenue and/or authority for new revenue continues to be sought from the Federal and Provincial Governments, it is likely that the City will also have to provide for additional capital funding in the future.
- **Many of the City's revenues and expenditures are subject to change due to external influences.** Many factors, including the weather, interest rates, gas rates and electrical rates,

impact revenues and expenditures. There could be positive or negative variances in 2004 due to these factors.

The 2004 General Operating Budget maintains the services provided by the City and is consistent with the direction provided by the Executive Committee. As with any budget, the choices for 2004 are subject to risks and uncertainties. Over the longer term, the City will continue to be faced with fiscal pressure unless there is a fundamental change in the revenue framework for cities. Without revenues that are more directly linked to growth coupled with a broader range of revenue sources, the fiscal pressure will continue.

Respectfully submitted,

A stylized, handwritten signature in black ink, consisting of a large, sweeping 'A' followed by a series of loops and a final 'M'.

A.R. Linner
City Manager

Introduction

Budget Requirement

Sections 128 and 129 of *The Cities Act* provide the authority and requirement to prepare operating and capital budgets.

Section 128

- (1) A council shall adopt an operating and a 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 budgets for that year.

Section 129

- (1) A city's operating budget is required to include the estimated amount of each of the following expenditures and transfers by the council for a financial year:
 - (a) the amount needed to provide for the operations of the city;
 - (b) the amount needed to pay all debt obligations with respect to borrowings by the city;
 - (c) the amount needed to meet the sums that the city is required, by statute, to raise by levying taxes or other amounts that the city is required to pay;
 - (d) if necessary, the amount needed to provide for a depreciation or depletion allowance, or both, for the city's public utilities;
 - (e) the amount to be transferred to reserves;
 - (f) the amount to be transferred to the capital budget;
 - (g) if the total actual revenues and transfers of the city in the previous financial year are less than the total actual expenditures and transfers of the city for that same year, the amount needed to recover the unfunded portion of that deficit.
- (2) A council's operating budget is required to include the estimated amount of each of the following sources of revenue and transfers for a financial year:
 - (a) taxes;
 - (b) grants;
 - (c) transfers from the city's accumulated surplus funds or reserves;
 - (d) any other source.
- (3) The estimated revenue and transfers described in subsection (2) must be at least sufficient to pay the estimated expenditures and transfers described in subsection (1).

Community Input

Each year, the City of Regina conducts a public survey to gather input from the community. Public surveys should not be used as a definitive guide to the allocation of resources. However, survey results do serve as a measure of the community's expectations. The following tables provide a comparison of current and past surveys.

How do you rate the value of service received for the property taxes paid?

Year	Very Good or Good	Fair	Poor, Very Poor or No Response
2003	73%	4%	23%
2002	59%	7%	34%
2001	64%	6%	30%
2000	59%	8%	33%
1999	57%	5%	38%
1998	53%	12%	35%
1995	54%	10%	36%

What is the overall rating of City Services?

Year	Excellent or Good	Fair	Poor, Very Poor or No Response
2003	86%	6%	8%
2002	86%	6%	8%
2001	82%	7%	11%
2000	77%	6%	17%
1999	74%	7%	19%
1998	75%	10%	15%
1995	66%	10%	24%

Do you support the level of City services?

Year	Yes	No	Don't Know
2003	85%	10%	5%
2002	83%	13%	4%
2001	86%	12%	2%
2000	83%	17%	-

The next table is a summary of the responses people provided when asked what the most important issue was. Both taxation and social issues extend beyond the scope of responsibility of the City of Regina.

Most Important Issues for the City

Issue	2000		2001		2002		2003	
	#	% of Total	#	% of Total	#	% of Total	#	% of Total
Taxation ⁽¹⁾	100	25%	93	23%	92	23%	91	23%
Streets/Roads	79	20%	46	11%	56	14%	79	20%
Social	33	8%	53	13%	37	8%	41	10%
Economic Development	19	5%	30	7%	33	8%	33	8%
Employment	18	5%	34	8%	18	5%	16	4%
Health	29	7%	30	7%	17	4%	11	3%
Crime	16	4%	11	3%	14	4%	9	2%

Note 1 - Taxation was not identified as property taxes. The reference to taxation is for taxes at all levels of government.

The most important service issue for residents is streets and roads. The following tables provide a summary of responses to questions on street repairs and spending on roads.

How do you rate street repairs?

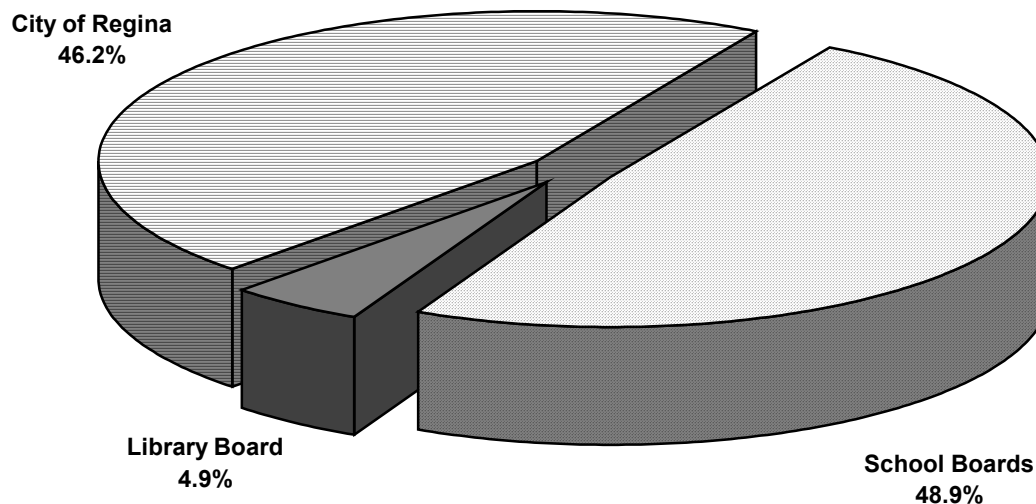
Year	Very or Somewhat Satisfied	Very or Somewhat Dissatisfied
2003	39%	61%
2002	36%	64%
2001	43%	57%
2000	29%	71%
1999	15%	85%
1998	29%	70%
1995	38%	62%

Should there be more spending on roads?

Year	Yes	No
2003	79%	20%
2002	85%	14%
2001	76%	23%
2000	83%	17%
1999	na	na
1998	na	na
1995	na	na

One challenge for the City is the lack of understanding regarding the portion of the property tax bill levied by the City of Regina. **In the 2003 survey, only 9% of those responding recognized that half of the property tax revenue went to the school boards.** The next graph shows the distribution of property taxes in Regina for 2004.

Distribution of Regina's Property Taxes



City Council's Vision

Prior to the 2002 budget, City Council engaged in a strategic planning process. Through that process City Council developed a statement of a long-range vision for Regina. Through an Executive Committee planning session, the vision has been reconfirmed for 2004. The vision is important in guiding the budget decision process. The vision statement is that by 2010 Regina will be:

*"A city of 250,000 citizens, within a region of 300,000;
 A city where people grow together;
 A city recognized for its economic, social and environmental sustainability;
 A city that is the hub of a region of diversified economic growth;
 A city that is people centered;
 A city of inclusiveness, that celebrates its cultural diversity;
 A city where Aboriginal people participate fully in economic and community affairs;
 A city that people are drawn to because of its quality of life;
 A city that is attractive, generous, affordable, accessible, compact and competitive;
 A city where seniors can retire in security and young people can thrive in opportunity;
 A city that is plainly 'a good place to live'.
 At the centre of the vision is the word 'prosperity'."*

Budget Background

Issues or challenges that the City considered in developing the 2004 budgets and planning for the future include:

- The **community is faced with pressures from changing demographic and social trends**. These include the growing Aboriginal population, an ageing population and increasing gaps between incomes within the community. Changes in Federal and Provincial social programs will influence how these trends are addressed.
- Many **local arts, cultural, sporting, community and charitable organizations are faced with fiscal pressures**.
- **Regina's per capita operating expenditures of \$989 are lower than the average of the other four major prairies cities**. Only Saskatoon had lower per capita expenditures of \$884. In 2003, the average general operating per capita expenditures for the four other cities was \$1,197.
- **There is a significant "infrastructure deficit"**. The infrastructure deficit will increase as buildings and infrastructure continues to deteriorate with age. If the infrastructure deficit is to be addressed, it will require additional funding through the City's sources of revenue and increased funding or authority for funding from the senior governments. Whether debt is used to fund capital expenditures or a "pay as you go" approach is used, the City's operating budget will face fiscal pressure. The projected annual shortfall in capital funding is about \$32 million. If adequate funding is not provided to sustain these assets, it will have long-term implications on the ability of the City to sustain service levels. In addition, maintenance or capital costs will increase. Additional information on this issue is included in the 2004 – 2008 General Capital Program document.
- There is **limited growth in revenue unless City Council increases tax rates or fees and charges**. In Regina, there is greater reliance on property tax as the major source of revenue (almost 60% of total general revenue) as compared to other western cities including Saskatoon. The City has **limited legislative authority to generate new revenues**.
- **In Saskatchewan, the education share of property taxes is higher than other provinces**, creating added pressure on property tax levels, and adding to the pressure to keep municipal mill rates down.
- Over the past 15 – 20 years, the level of operating and capital grants received from the Province has decreased significantly. **Even with the recent increase in the Revenue Sharing Grant and grants through the Canada-Saskatchewan Infrastructure Program (CSIP), grant funds are substantially less today than 15 – 20 years ago. The uncertainty of funding from the senior governments is a particular concern as it hinders effective long-term planning.**
- For 2004, all the collective agreements for civic unions are open for negotiations. The collective agreement for the Police Union is open as of July 1, 2004.
- The City has **significant unfunded liabilities for vested sick leave, accumulated vacation credits, severance pay, pension and long-term disability**. At the end of 2003, the liability for vested sick leave, accumulated vacation and severance was about \$22.4 million. For the pension plans fully accounted for in the City's financial statements, at the end of 2002, there was a pension liability of about \$4.9 million. The Civic Pension Plan and Long Term Disability Plan involve employees of the City and other organizations. The total projected liability for these plans, at the end of 2002 is \$89.9 million. The liability is partially borne by employees and the other organizations.

- There is a continual challenge to ensure that efficiencies are sought, and policies and programs are effective. In recent years reports have been presented to City Council on various aspects of the City's operations. These include:
 - Fire Services review,
 - Fleet review,
 - Overtime review,
 - Transit service review; and,
 - Reports during the 2002 budget process included a review of park maintenance, a review of golf course operations and fees, and the concept of a waste management utility.

There is a continual effort within the Administration to consume fewer resources to achieve an intended result – **this is essentially being more efficient. Efficiency is not a decision, but the result of a sustained commitment to continuous improvement.** Efficiency gains are typically incremental over time, although there will be occasions where substantial gains are achievable through improved processes or the use of new equipment or technology. Calgary's 2003 Preliminary Budget in Brief included the following statement.

“While the City's financial health remains strong, current service levels are not sustainable into the future given the City's limited revenue sources, rising costs of providing services, citizen expectations, aging infrastructure and population growth surpassing that of other large Canadian municipalities. **Issues like these place phenomenal pressure on the organization at all levels – pressure that cannot be addressed simply through innovation, efficiencies or fiscal prudence.**”

Budget Decisions

The budget process involves difficult choices. The dilemma is to find an acceptable balance between the level of services provided (expenditures), and the ability of the community to pay for those services, through taxes or other fees (revenues). The following description of this process was taken from a Federation of Canadian Municipalities publication.

Municipal financing and the allocation of resources in a community, are the products of the decisions of elected officials working in a democratic process where judgements are made about priorities and the appropriate use of resources to achieve them. No magic formula can substitute for either the democratic process or political judgement.

Within each budget, City Council is faced with two basic questions:

1. **What services are to be provided?** Linked to this question are a series of related questions or issues that must be considered. These include:
 - Are there services currently being provided by the City that the City should not be providing?
 - Are there additional services that the City should be providing, or service enhancements that are required?
 - What resources are required to meet the service requirements?

- How will the resources be acquired?
- What is the cost of the resources to provide the service?
- Is City Council prepared to eliminate or reduce current services in order to balance the budget?
- Should some services be considered for outsourcing?
- How does City Council plan to address the infrastructure deficit faced by the City?

2. **How are the services funded?** Linked to this question is also a series of related questions or issues that must be considered. These include:

- Who should pay for the services and how should they pay (taxes or fees)?
- Should City Council be asking senior governments for additional funding or additional authority?
- Will growth in the tax base generate the tax revenue required by the City to pay for the services required?

While the City will continue to be faced with financial pressures, the City has shown a willingness and capacity to define necessary financial principles, make difficult decisions and assure decisions are implemented and principles achieved. This is evidenced by the general operating results shown in the next table.

General Operating Budget Results (\$000's)

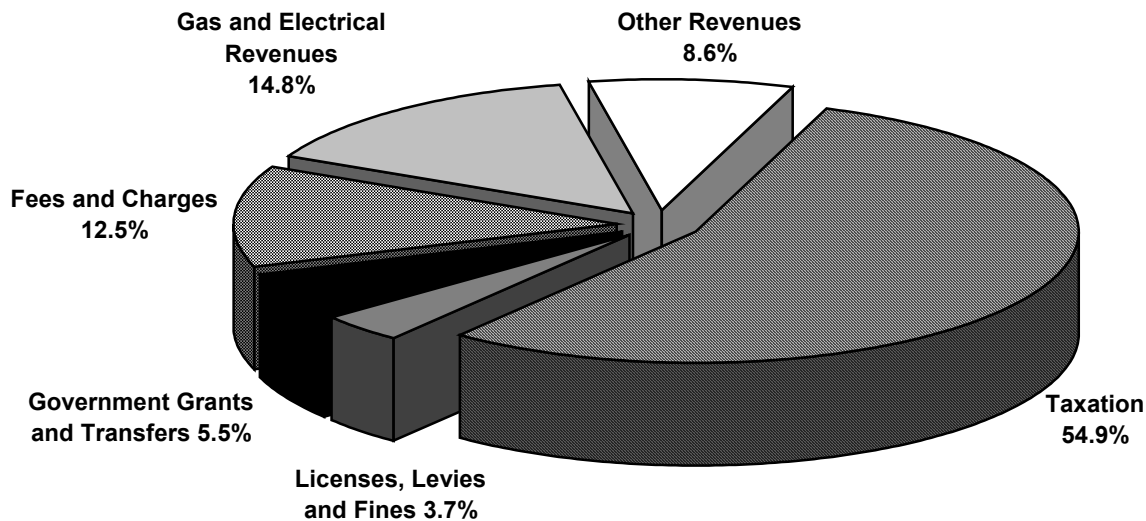
Year	Surplus (Deficit)	Year	Surplus (Deficit)	Year	Surplus (Deficit)	Year	Surplus (Deficit)
1970	(570.9)	1980	270.0	1990	2,192.0	2000	(1,140.3)
1971	(239.0)	1981	2,618.0	1991	22.0	2001	2,616.7
1972	446.0	1982	2,367.0	1992	101.7	2002	3,932.7
1973	697.0	1983	1,316.0	1993	879.1	2003	1,168.0
1974	612.0	1984	2,864.0	1994	410.2		
1975	(1,462.0)	1985	411.0	1995	681.1		
1976	(1,089.0)	1986	443.0	1996	1,699.0		
1977	1,118.0	1987	223.0	1997	107.5		
1978	1,578.0	1988	3,695.0	1998	2,266.5		
1979	923.0	1989	5,020.0	1999	736.9		

General Operating Revenue

Operating Revenue Summary (\$000's)

Revenue Category	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Taxation	108,040.6	104,750.7	108,651.1	610.5	0.6
Government Grants and Transfers	8,869.6	9,094.7	10,745.0	1,875.4	21.1
Licenses, Levies and Fines	6,371.4	6,512.7	7,382.9	1,011.5	15.9
Fees and Charges	22,600.5	24,173.1	24,727.0	2,126.5	9.4
Other Revenue	44,898.2	46,023.5	46,534.9	1,636.7	3.6
Total	<u>190,780.3</u>	<u>190,554.7</u>	<u>198,040.9</u>	<u>7,260.6</u>	<u>3.8</u>

2004 Operating Revenues



Highlights with respect to the 2004 revenue budget are:

- **There is no municipal mill rate increase for 2004.** The municipal mill rate for 2004 is 18.6212, the same as the mill rate in 2003.
- **The Revenue Sharing Grant is increased by about \$1.6 million.**
- **In 2003, City Council increased a number of fees, charges and fines.** For 2004, for the fees increased in 2003, the increased revenue is about \$1.9 million and includes increases for business licenses (\$100,000), parking ticket fines (\$328,000), leisure and recreation fees (about \$300,000), parking meter fees (\$97,000), and landfill fees (\$1,085,100). The substantial increase in landfill fees is more than offset by an increase in the transfer to the landfill reserve. The reserve is the source of funding for current and future landfill capital requirements.

- **The 2004 budget for transit revenue includes a fare increase as of July 1, 2004.** For 2004, an adult fare increases to \$1.90 from \$1.75. Youth fares increase from \$1.30 to \$1.40. There is no change for 2004 in the price of tickets or passes. The adult fare for 2005 is \$2.00 and in 2006, \$2.10.
- **The special tax rates for paved and gravel alleys have been increased by about 10% for 2004.** The revenue increase is \$215,600. There is also an additional \$250,000 of revenue that had been deferred in prior years due to the revenues being collected but not expended.
- **Gas and electrical revenues are projected to increase by \$1,650,000.** The projected increase is based on the full year impact of an increase in gas rates in 2003 and the actual revenues in 2003. No rate changes are assumed.
- The 2004 budget for the transfer from the General Fund Reserve is \$2,790,800, a decrease of \$632,900 from the proposed transfer in 2003. The 2004 transfer is to fund 2005 reassessment costs (\$1,072,500) and a general transfer of about \$1.7 million.
- **The utility surplus transfer for 2004 is \$6,797,600, an increase of \$871,100 over 2003.** Of the increase, \$675,400 results from the transfer from the Water and Sewer Utility to the General Operating Budget of the benefit to the utility of the additional GST rebate announced by the Federal Government.

The table on the next page is a detailed list of 2004 revenue sources for the General Operating Budget. The table outlines the amount of revenue, along with an analysis of the factors that determine the revenue generated from those sources. For some revenue sources City Council controls one or more of the factors that determine the revenue generated. For some revenue sources (gas revenues, electrical revenues, interest earnings and government grants), City Council has no control over the revenue generated.

Analysis of General Operating Revenues					
Revenue Source	Factors Determining the Amount of Revenue	Does City Council Control the Factor?	2004 Budget	Per Cent of Total	Cumulative Percentage
Property Taxes (including supplementary taxes)	Assessment Growth Mill Rates	No Yes	\$ 99,286,700	50.1%	50.1%
Electrical Revenues	Surcharge/Payment In Lieu Rates Electrical Rates Consumption	No No No	20,800,000	10.5%	60.6%
Government Grants and Transfers (includes Police & Lotteries)	Government Policy	No	13,788,000	7.0%	67.6%
Gas Revenues	Payment In Lieu Rate Natural Gas Rates Consumption	No No No	8,600,000	4.3%	71.9%
Grants-In Lieu of Property Taxes	Assessment Growth Mill Rates Government Policy	No Yes No	7,739,400	3.9%	75.9%
Community and Leisure User Fees	Amount of Fee Amount of Use	Yes No	7,267,100	3.7%	79.5%
Utility Surplus Transfer	Transfer Rate Calculation Base	Yes Yes	6,797,600	3.4%	83.0%
Transit and Paratransit User Fees	Amount of Fee Amount of Use	Yes No	5,884,500	3.0%	85.9%
Waste Collection and Disposal Fees	Amount of Fee Amount of Use	Yes ⁽²⁾ No	3,763,200	1.9%	87.8%
Interest Earnings	Interest Rates Cash Balances	No No	3,364,800	1.7%	89.5%
Fines	Fine Amount Number of Infractions Level of Enforcement	Yes ⁽¹⁾ No Yes	3,250,000	1.6%	91.2%
Recovery of Administrative Costs (Utility, Pension Plans & BPWAB)	City Council Policy	Yes	2,731,700	1.4%	92.5%
Transfers From Reserves	Council Policy Availability of Reserves	Yes No	2,790,800	1.4%	94.0%
Paved and Gravel Alley Special Tax	Levy Rates Alley Lengths	Yes ⁽²⁾ No	2,565,300	1.3%	95.2%
Other Revenue or Fees	Amount of Fee Amount of Use	Yes No	1,629,900	0.8%	96.1%

Analysis of General Operating Revenues					
Revenue Source	Factors Determining the Amount of Revenue	Does City Council Control the Factor?	2004 Budget	Per Cent of Total	Cumulative Percentage
Recovery From Other Taxing Authorities (net of cancellations)	Transfer Rate Calculation Base	No No	1,625,000	0.8%	96.9%
Penalties on Taxes	Penalty Rates Outstanding Taxes	Yes ⁽³⁾ No	1,450,000	0.7%	97.6%
Parking Meter and Permit Fees	Amount of Fee Number of Meters Amount of Use	Yes Yes No	1,155,000	0.6%	98.2%
Building Permit & Inspection Fees	Amount of Fee Number & Value of Permits	Yes No	942,400	0.5%	98.7%
Cemetery Fees	Amount of Fee Amount of Use	Yes ⁽²⁾ No	849,100	0.4%	99.1%
Business and Taxi Licenses	License Fee Number of Licenses	Yes ⁽³⁾ No	707,900	0.4%	99.5%
Amusement Tax	Tax Rate Ticket Prices Number of Tickets Sold	Yes No No	525,000	0.3%	99.7%
Local Improvement Levies	Schedule of Payments From Past Work	No	334,700	0.2%	99.9%
Planning and Development Fees	Amount of Fee Number of Applications	Yes ⁽³⁾ No	192,800	0.1%	100.0%
2004 General Operating Revenue			198,040,900	100.0%	

Notes:

1. For fines, City Council can establish fines levied pursuant to municipal bylaws subject to limits in the legislation. For fines levied pursuant to provincial legislation, the Province sets the fines.
2. For the paved and gravel alley special tax, waste collection fees and cemetery fees, the fees are set to recover costs (including capital costs for the landfill and cemeteries).
3. For certain planning and development fees, penalties and licenses, the amounts are subject to limits imposed by provincial legislation or regulations.

Revenue Overview

The following table provides a summary of the change since 1990 in the sources of general operating revenue.

General Operating Budget Revenue Summary

	1990 Budget		2004 Budget		Change (\$000's)
	Amount (\$000's)	Per Cent of Total	Amount (\$000's)	Per Cent of Total	
Tax Revenue	76,723.3	53.9%	108,651.1	54.9%	31,927.8
Gas and Electrical Revenue	17,363.2	12.2%	29,400.0	14.8%	12,036.8
Fees and Charges	14,369.9	10.1%	22,069.0	11.1%	7,699.1
Government Grants/Transfers	16,516.5	11.6%	13,403.0	6.8%	(3,113.5)
Other Revenues	10,336.7	7.3%	7,546.5	3.8%	(2,790.2)
Licenses, Levies and Fines	6,172.9	4.3%	7,382.9	3.7%	1,210.0
Utility Surplus Transfer	756.3	0.5%	6,797.6	3.4%	6,041.3
Transfer From Reserves	-	-	2,790.8	1.4%	2,790.8
	<u>142,238.8</u>		<u>198,040.9</u>		<u>55,802.1</u>

Comparing operating revenues in 1990 and 2004, the following points are noted:

- Government grants and transfers have decreased both in dollar terms and as a per cent of total revenue. For the purpose of this table, transfers to fund Police costs are shown as part of the total Government Grants/Transfers.
- There has only been a slight increase in the percentage of total revenue from taxation. In 1990, tax revenues included property and business tax, while in 2003 the tax revenue is solely from property tax.
- The 2004 budget includes the Utility Surplus Transfer (\$6,797,600) and Transfers from Reserves (\$2,790,800). In 1990, there was no reserve transfer and the Utility Surplus Transfer was much lower. The increase in the transfer from the Water and Sewer Utility has resulted in increased utility rates. The transfer from reserves does not represent revenue received by the City, but rather a use of surplus funds that may or may not be replenished.

Each budget process involves choices with respect to costs (services provided along with the cost and method of service delivery), and the revenues available to fund the costs. Revenue choices include:

1. **Seek additional funding from the senior governments, or seek authority for new sources of revenue.** There are limits to the authority of City Council with respect to revenue options. The taxation authority for the City is limited to that provided in *The Cities Act*. The City's authority for taxes is essentially property tax, amusement tax and special taxes.

There has been considerable discussion about cities obtaining a share of the fuel tax or other vehicle related revenues such as a vehicle surcharge. In Alberta as an example, the cities of Calgary and Edmonton each receive 5 cents per litre for every litre of gasoline sold in the city. There is the potential for new revenue sources from a sharing of the fuel tax (or a municipal fuel tax) or other revenues such as a vehicle surcharge. If there was additional authority provided, it is uncertain whether City Council would be able to use the new revenue to help solve existing fiscal pressures or be required to direct the new revenue to increased spending for targeted services such as infrastructure.

City Council could seek additional grant funding from the senior governments. The 2004 budget includes a projected increase in the revenue sharing grant. The Federal Government has announced that the Goods and Services Tax (GST) will be fully rebated effective February 1, 2004. The rebate for GST is currently 4/7ths of the tax and is being increased to a full rebate. The City will still have to pay GST and file the appropriate documentation to receive the full rebate. The rebate is a reduction in costs incurred by the City, whether that is for operating or capital purposes in the general or utility operations.

An important consideration for Regina and other cities is whether it is preferable to seek additional grants or additional authority. There are significant short and long-term implications to each approach.

- 2. Increase the mill rate.** The mill rate is the primary determinant for property tax revenue and grants or payments in lieu of property tax. The revenue from property tax does not increase in the same way that Federal and/or Provincial Government taxes increase. Taking the PST as an example, the revenue from PST is influenced by three factors:

- Tax rate (currently 7% in Saskatchewan);
- Growth in the tax base resulting from more goods and services being sold – essentially growth through an increase in the “volume” or the tax base; and,
- Growth in the tax base as the cost of goods and services increases – essentially growth in the tax base through increases in “value or price”.

For property taxes, while the assessment base has growth each year due to the construction or renovation of buildings, that growth is the same as the growth for PST when more goods and services are sold. A reassessment increases the total assessment value, the same as the increase in the PST base when the price of goods and services increases. However, the assessment growth due to a reassessment does not lead to additional tax revenue for the City. When there is a reassessment, the mill rate is restated to remove the impact of the “value or price” growth in the assessment base.

- 3. New or increased user fees and charges, fines and license fees.** During the 2003 budget process, City Council made decisions to increase certain fees and fines. In some instances rates have been set for several years, or the proposed increase in rates is being phased in over a period of years. Significant rate decisions made by City Council in 2003, that are reflected in the 2004 budget projections include:

- A new fee schedule (Report CR03-171) for community and leisure services for the 2003 to 2007 period.
- Increased golf course fees (Report CR02-261) for 2003 to 2005.
- Increased landfill rates (Report CM03-15) for 2003 to 2006.
- Increased parking meter rates and parking fines (Report CR03-113).
- Increased license fees (Report CR03-220).

The increased revenue from the above decisions was reflected in the 2003 budget, either as increased revenue or as a transfer from the General Reserve Fund. While in theory there is an option to increase fees and fines more, for 2004, with the exception of a review of transit fares, there is likely limited opportunity for further increases.

4. **Pursue alternative revenue options provided for in *The Cities Act* that are not currently used by the City of Regina.** Revenue options include:

- The definition of a **public utility** [Section 2(cc)] includes **waste management and street lighting services**. During the 2002 budget process, the Executive Committee (Report EX02-15) considered the concept of a Waste Management Utility. The decision was made not to proceed with a utility. If a utility was implemented for waste management or street lighting, the cost of the services could be funded through a special charge rather than through general revenues.

There are a number of municipalities that pay for waste collection and disposal through specific fees. The fee structures are typically either a flat fee irrespective of the amount of waste disposed, or use of a system such as the “tag a bag” system. The “tag a bag” concept could not be implemented in Regina for those portions of the city served by rear lane collection.

- Section 8(3) of *The Cities Act* provides the authority for **fees for licenses, inspections, permits or approvals**. Section 8(4) of the legislation limits the fee to the cost to the City for administering and regulating the activity and collecting the fees. While the City has many fees and charges, there may be opportunity for additional fees and charges. The total revenue increase available through new fees is likely minimal. One new source of revenue for 2004 will be the fees related to the proposed False Alarm Bylaw administered by the Police Department. On an annual basis, the fees pursuant to the False Alarm Bylaw are estimated to be about \$110,000. The bylaw is proposed to be effective April 1, 2004, with potential revenue of about \$81,000 in 2004.
- *The Cities Act* allows a municipality to use a **base tax** or a **minimum tax**. Both concepts have been considered by City Council in the past, with neither concept adopted for use. There are a number of cities in Saskatchewan that have adopted a base tax. These concepts could be used to increase the amount of taxes collected, or change the distribution of who pays the current property taxes being collected.
- Section 264 of *The Cities Act* allows the establishment of **service fees** in connection with any service provided by the City. The difficulty with the legislation is that to enforce collection of the fee, the only option is to discontinue the service. For some services, discontinuance may be an option, but for many services this is not an option.
- Section 275 of *The Cities Act* authorizes a council to pass a **special tax** bylaw to raise revenue **to pay for any specific service or purpose** to be completed within the current year. The special tax could apply to the entire city or a portion of the city. The tax rate can be applied based on the property assessment, the frontage of a property, the area of a property or to each parcel of property. The only special tax currently levied by the City is for costs related to the development and maintenance of alleys and lanes.
- Section 279 of *The Cities Act* authorizes an **amusement tax**. While the City currently has an amusement tax, the City has chosen to limit the tax to those attending a commercial movie theatre. The tax base could be expanded to other forms of entertainment where an entrance fee or admission is charged.

If new taxes or fees are implemented, there will be increased administrative costs. The cost may be modest if existing billing and collection processes can be used. If not, the administrative cost of a new fee or tax could be substantial.

Taxation

Operating Revenue Summary (\$000's)

Revenue Source	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Municipal Property Tax	97,584.3	93,921.8	98,486.7	902.4	0.9
Payments and Grants in Lieu of Tax	8,456.3	8,051.3	7,739.4	(716.9)	(8.5)
Total Property Tax	106,040.6	101,973.1	106,226.1	185.5	0.2
Supplementary Property Tax	600.0	1,114.7	800.0	200.0	33.3
Recovery from Other Taxing Authorities	2,000.0	2,027.9	2,025.0	25.0	1.3
Tax Cancellations	(600.0)	(365.0)	(400.0)	200.0	(33.3)
Total	<u>108,040.6</u>	<u>104,750.7</u>	<u>108,651.1</u>	<u>610.5</u>	<u>0.6</u>

The 2004 budget for property taxes and grants in lieu of property taxes is about \$106.2 million, an increase of \$185,500 over the 2003 budget. The key assumptions or factors that impact the budget are:

- **There is no municipal mill rate increase for 2004. The municipal mill rate for 2004 is 18.6212, the same as in 2003.**
- The total taxable assessment used to calculate the 2004 budget is 5,694,517,900, the total assessment as per the preliminary assessment roll for 2004. **There is no contingency for assessment reductions** due to assessment appeals, exemptions as authorized by City Council, or assessment adjustments pursuant to provisions of *The Cities Act*.

The following table details the property tax and grants in lieu of tax revenue (budget and actual) since 1999.

Tax Revenue (\$000's)	1999	2000	2001	2002	2003
Property Tax:					
Budgeted Revenue	86,256.9	87,899.5	90,781.9	96,522.6	98,184.3
Actual Revenue	90,018.1	86,201.5	91,051.5	94,573.0	95,036.5
Variance	3,761.2	(1,698.0)	269.6	(1,949.6)	(3,147.8)
Grants In Lieu of Property Tax:					
Budgeted Revenue	6,136.2	6,750.9	7,586.0	7,885.4	8,456.3
Actual Revenue	6,417.1	6,574.3	7,990.2	7,863.4	8,051.3
Variance	280.9	(176.6)	404.2	(22.0)	(405.0)

As a result of assessment appeal decisions within the year and allowances for outstanding assessment appeals at the end of each year, there has been significant volatility in actual tax revenue as compared to budgeted revenues.

Mill Rates and Mill Rate Factors

Mill rates and mill rate factors serve different purposes. The mill rate, applied to the taxable assessment (including the assessment of grant in lieu properties), determines the total tax generated. Mill rate factors determine the distribution of the taxes between groups of properties. The following table is the history of mill rates, including the mill rates for the Schools and Library, since 1990. There have been reassessments in 1997 and 2001. Whenever a reassessment occurs, the mill rate is recalculated such that there is no change in the total taxes levied as a result of the reassessment. The annual per cent change for 1997 and 2002 in the following table is based on the actual mill rate for the year in comparison to the restated mill rate for the prior year.

Mill Rate History

Year	Municipal		Schools		Library		Total	
	Mill Rate	Per Cent Change	Mill Rate	Per Cent Change	Mill Rate	Per Cent Change	Mill Rate	Per Cent Change
1990	63.760	na	66.460	na	6.710	na	136.930	na
1991	65.520	2.76%	69.380	4.39%	6.910	2.98%	141.810	3.56%
1992	66.720	1.83%	71.340	2.83%	7.050	2.03%	145.110	2.33%
1993	67.970	1.87%	72.900	2.19%	7.120	0.99%	147.990	1.98%
1994	68.930	1.41%	74.900	2.74%	7.210	1.26%	151.040	2.06%
1995	68.930	-	77.400	3.34%	7.350	1.94%	153.680	1.75%
1996	70.100	1.70%	78.900	1.94%	7.490	1.90%	156.490	1.83%
1997	17.603	-	19.813	-	1.880	-	39.296	-
1998	17.603	-	19.813	-	1.880	-	39.296	-
1999	17.937	1.90%	20.189	1.90%	1.916	1.90%	40.042	1.90%
2000	18.176	1.33%	20.391	1.00%	1.935	1.00%	40.502	1.15%
2001	17.6549	-	19.5294	-1.40%	1.8795	-	39.0638	-0.70%
2002	18.4194	4.33%	19.7247	1.00%	1.9077	1.50%	40.0518	2.53%
2003	18.6212	1.10%	19.7247	-	1.9745	3.50%	40.3204	0.67%
2004	18.6212	-	19.7427	-	1.9745	-	40.3204	-
Average Annual Increase		1.30%		1.42%		1.36%		1.36%

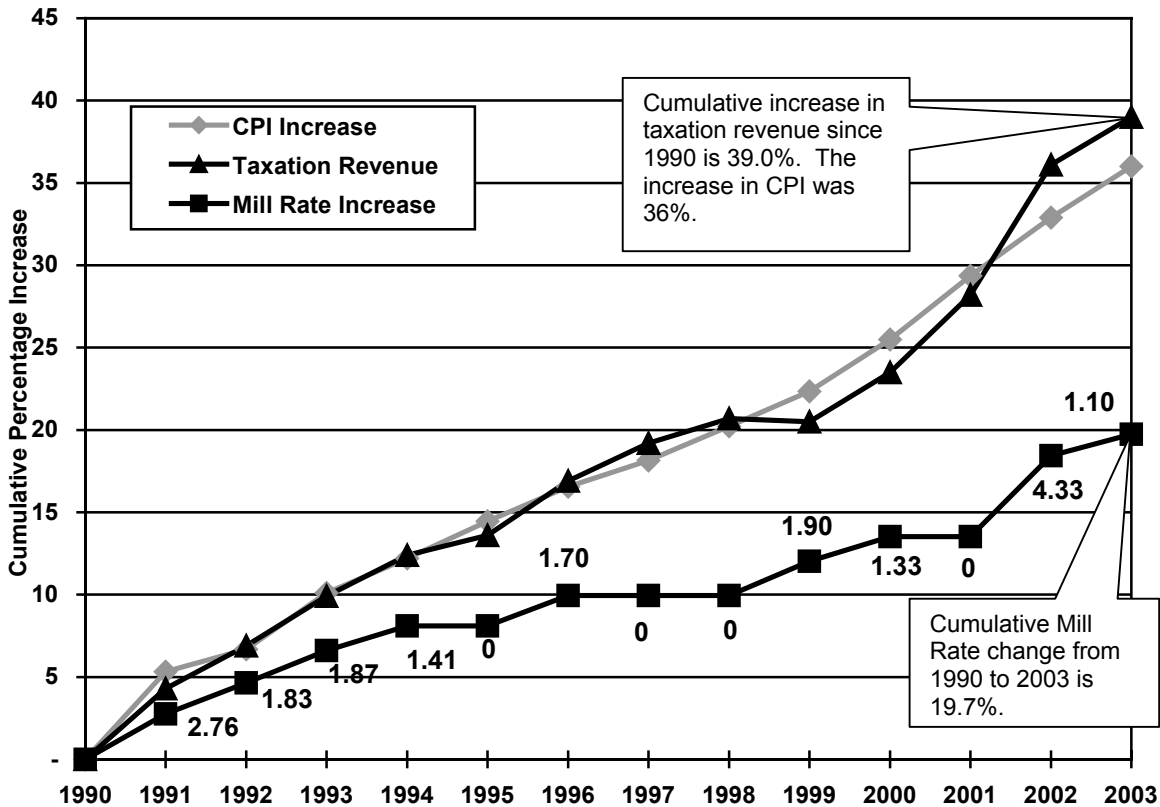
Mill rate factors can be established by City Council for each property class or subclass. The factors change the distribution of the total tax levied but do not increase or decrease the total tax collected. The following table shows the mill rate factors since 2001.

Mill Rate Factors

Property Class/Subclass	2001	2002	2003	2004
Residential	0.8789	0.8789	0.8789	0.8789
Condominium	0.8789	0.8789	0.8789	0.8789
Multi-Unit Residential	1.2693	1.2693	1.2693	1.2693
Commercial, Industrial	1.1749	1.1900	1.1900	1.19768
Exterior Hotels	n/a	n/a	n/a	0.61763
Golf Courses	n/a	n/a	n/a	0.7800
Agriculture	1.1749	1.1900	1.1900	1.1900

The next graph compares the cumulative change since 1990 in the mill rate, total tax revenue and consumer price index.

Municipal Mill Rate Increase, Tax Revenue Increase and CPI Increase
(Cumulative Increase Since 1990)



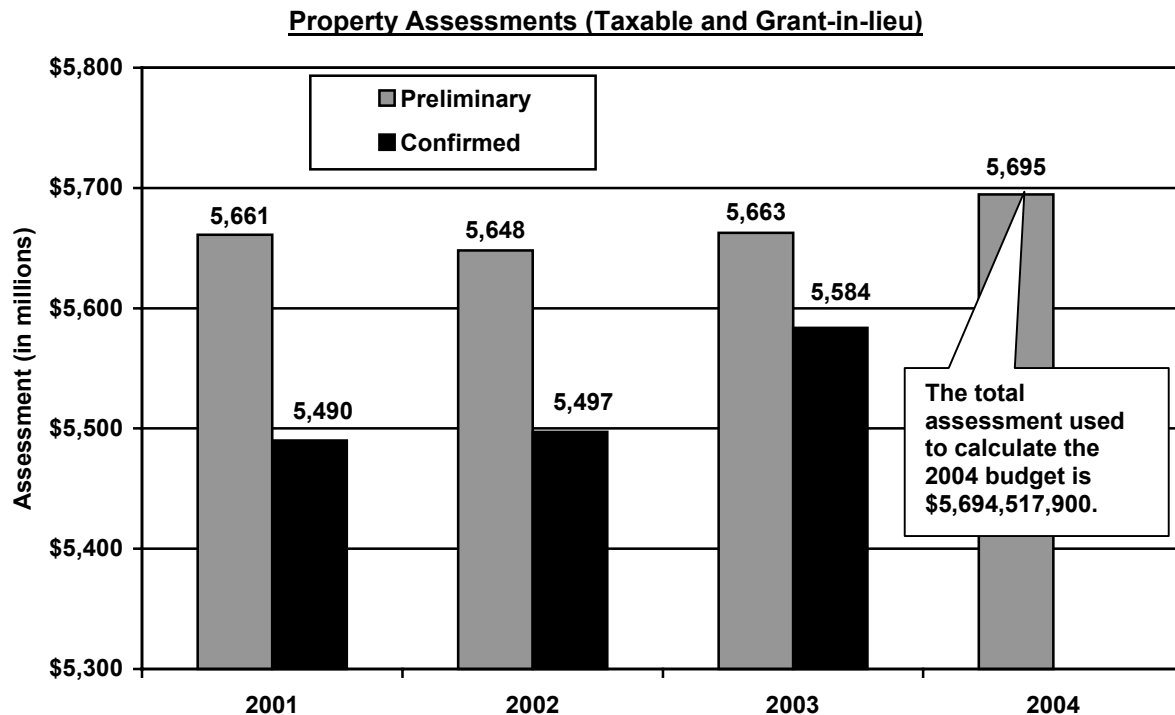
Property Assessment

Taxable assessment for a property is the fair value assessment determined in accordance with legislation and the Saskatchewan Assessment Manual times the provincial percentage set by the Province. For the 2001 reassessment, the provincial percentages are:

- 70% for all residential property, including condominiums and multi-unit residential property;
- 50% for non-arable land and 55% for other agricultural property;
- 75% for elevators, rail right of ways and pipelines; and,
- 100% for all other commercial and industrial property.

Each year an assessment roll is prepared. Within 30 days from the “opening” of the assessment roll, property owners have the right to file an assessment appeal. The first step of the assessment appeal process is an appeal to the Board of Revision. If any party to the assessment appeal is of the view that the Board of Revision erred in their decision, the party can appeal to the Saskatchewan Municipal Board Assessment Appeal Committee (SMBAAC). Once the SMBAAC renders a decision, parties to an appeal have the right to seek leave to appeal to the Court of Appeal with respect to a question of law. Each year, there are changes to the assessment roll including changes due to assessment appeal decisions of the Board of Revision and/or SMBAAC; additions to the assessment roll resulting from new construction, additions or major renovations of property, the subdivision of property and zoning changes; and, deletions to the assessment roll, typically resulting from demolitions of property.

The total taxable assessment (including the assessment of grant in lieu properties) has been subject to significant change and uncertainty due to assessment appeals. The following graph highlights the variability between the preliminary assessment roll and confirmed assessment roll totals since 2001.



In recent years, due to the impact of assessment appeals and other assessment changes, the confirmed assessment roll is less than the preliminary assessment roll. **Furthermore, at the end of each year there are outstanding assessment appeals that have the potential to reduce the total assessment for a year to a value less than the confirmed assessment roll.** As of the end of 2003, the following assessment amounts are considered at risk, resulting in an allowance being established:

- There are 22 properties with assessment appeals outstanding for 1998 with assessment at risk of approximately \$110.2 million. The allowance for the municipal share of the property tax and business tax at risk is almost \$2.5 million. All appeals have been before the Board of Revision twice, the SMBAAC twice, and once before the Court of Appeal. The appeals for the 22 properties are subject to a further hearing before the Court of Appeal. It is anticipated that the case will be heard in 2004 however it is unknown when a decision would be rendered.
- There are 24 properties with assessment appeals outstanding for 1999 with assessment at risk of approximately \$117.3 million. The allowance for the municipal share of the property tax and business tax at risk is almost \$3.0 million.
- There are 34 properties with projected assessment risk for 2001 related to outstanding assessment appeals. There are additional appeals outstanding where there is no projected risk. The projected assessment risk for 2001 is \$118.5 million. The allowance for the municipal share of the property tax at risk is almost \$1.0 million.
- There are 41 properties with projected assessment risk for 2002 related to outstanding assessment appeals. There are additional appeals outstanding where there is no projected risk. The projected assessment risk for 2002 is almost \$136 million. The allowance for the municipal share of the property tax at risk is almost \$2.1 million.

- There are 101 properties with projected assessment risk for 2003 related to outstanding assessment appeals. There are additional appeals outstanding where there is no projected risk. The projected assessment risk for 2003 is \$153.7 million. The allowance for the municipal share of the property tax at risk is about \$2.9 million.

In total, at the end of 2003, the allowance for taxes related to outstanding assessment appeals before either the SMBAAC or the Court of Appeal totals almost \$11.5 million.

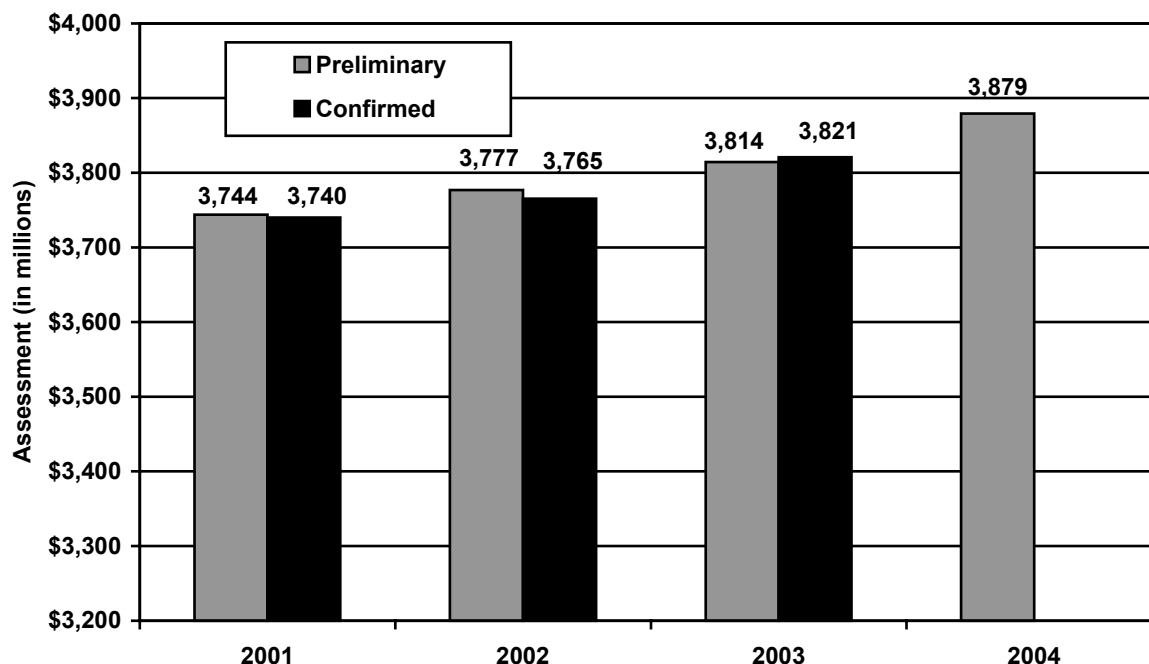
For 2004, the total preliminary assessment is almost \$5.69 billion. An analysis of the 2004 preliminary assessment roll results in the following points noted:

- If the same risk assumptions were applied to the 2004 preliminary assessment roll as those used for the allowance at the end of 2003, the assessment reduction would be \$188.3 million. For reference, \$10 million in assessment is about \$220,000 in municipal property tax based on commercial tax rates.
- In 2003 there was a Court of Appeal decision that impacts the land assessment calculation for certain large parcels of property. The initial assessment values for 2004 do not reflect the change. Once the change is applied, there will be an assessment reduction of about \$7.6 million.
- Other properties have known or projected assessment changes for 2004 totalling about \$5.4 million.

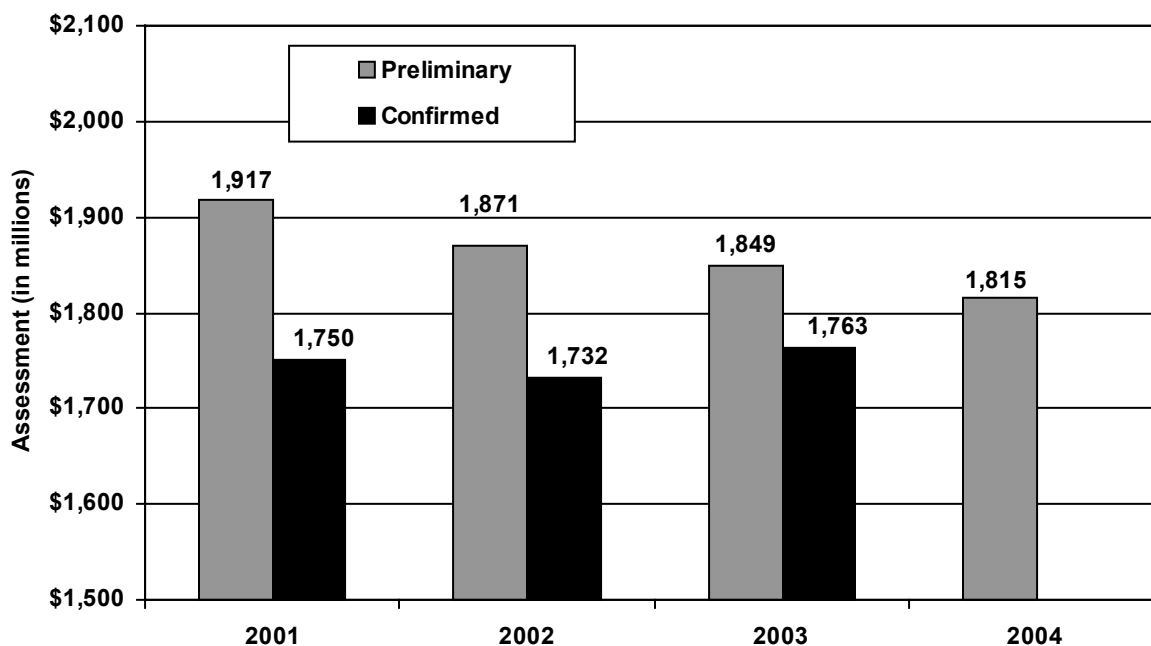
Although no contingency is assumed in calculating the 2004 budget for property taxes and grants in lieu of property taxes, the risk of having no contingency could be fully or partially mitigated if appeals for prior years were resolved without a tax impact for the City.

The uncertainty with respect to assessment values is primarily with respect to commercial and industrial assessments. The next two graphs show the preliminary and confirmed assessment amounts for residential and non-residential properties since 2001.

Residential Property Assessments (Taxable and Grant-in-Lieu)
(Includes Single Family, Condominium and Multi-Unit Residential Properties)



Non-Residential Property Assessments (Taxable and Grant-in-Lieu)
(Includes Commercial, Industrial and Institutional Properties)



Property Tax Funding for Education

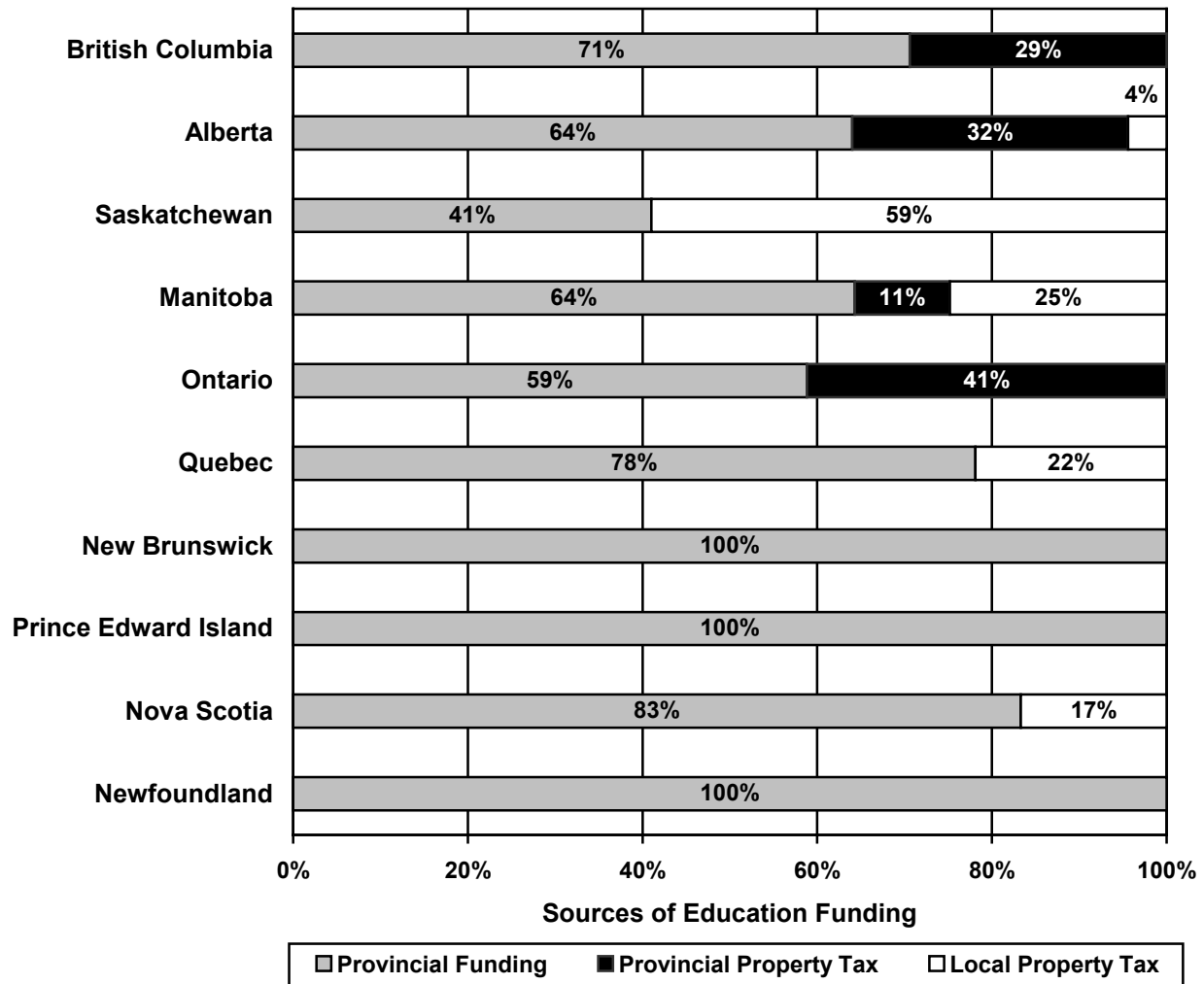
The portion of property taxes collected by the City as compared to the portion collected for the other taxing authorities has changed significantly over the last 20 years as detailed in the following table.

Distribution of Property Taxes

<u>Year</u>	<u>City Share</u>	<u>Library Share</u>	<u>School Boards Share</u>
1980	50.5%	5.5%	44.0%
1985	48.3%	5.4%	46.3%
1990	46.6%	4.9%	48.5%
1995	44.8%	4.8%	50.4%
2000	44.9%	4.8%	50.3%
2004	46.2%	4.9%	48.9%

The extent to which property tax is used to fund education costs varies significantly from province to province. The next table provides a comparison of the portion of school funding generated through property tax (through a provincial or local property tax rate) and the portion funded directly by the Province. The information is taken from the Final Report of the Commission on Financing Kindergarten to Grade 12 Education.

Funding of Education Cost – 2001

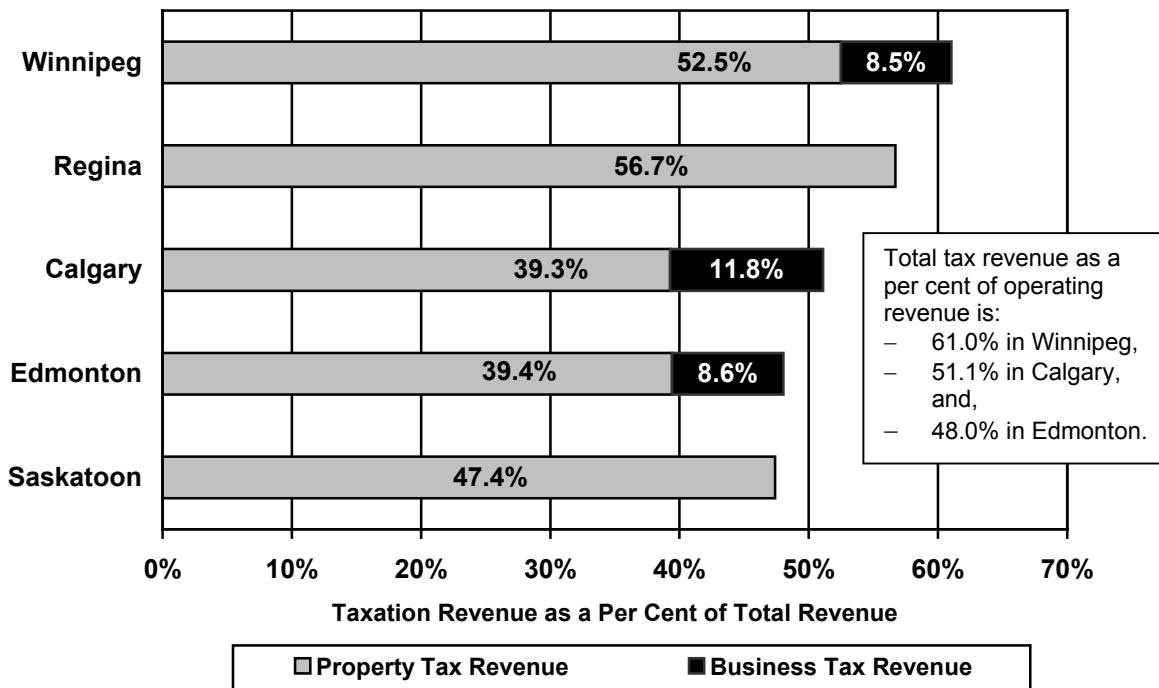


Saskatchewan has the highest percentage of costs funded through property tax, and the lowest percentage of costs funded directly by the province of any province. **The Final Report of the Commission on Financing Kindergarten to Grade 12 Education recommends increased funding by the Province for education.** In addition, the Commission is recommending that for the education property tax on commercial and industrial properties, through a uniform tax rate set by the Province. The Commission is projecting that by 2009, the funding for education costs would be 70% through provincial revenue sources, 10% through the provincially levied property tax, and 20% through the property tax on residential properties.

Tax Comparisons and Trends

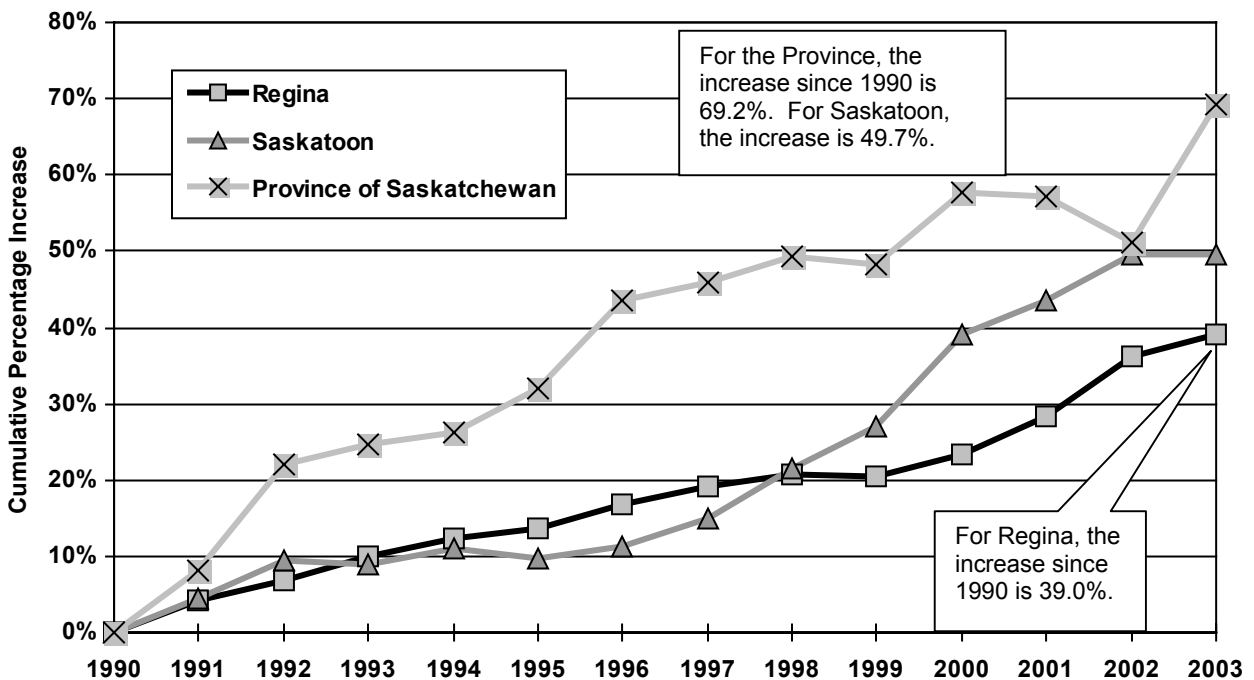
The next graph provides a comparison of the extent to which taxes (property and business taxes) are relied on by the major prairie cities to fund the General Operating Budget.

**2003 Taxation Revenue – Includes Grants in Lieu
(As A Per Cent of General Operating Revenue)**



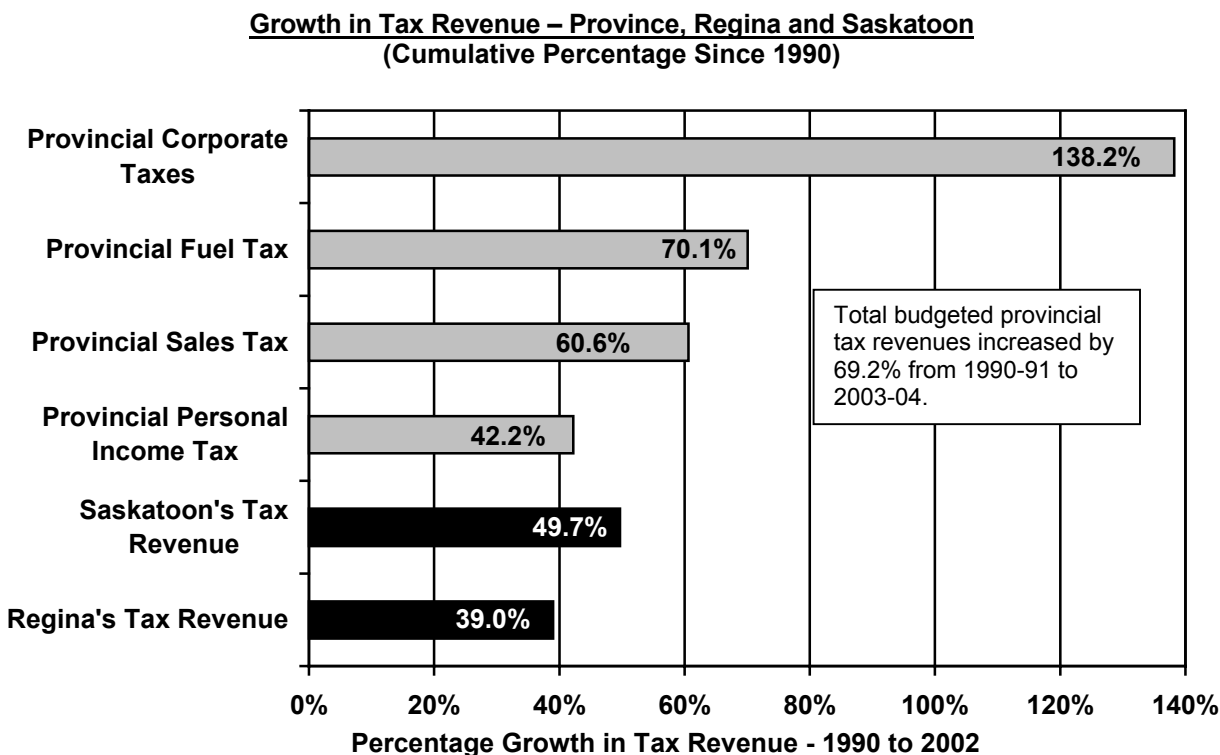
Tax revenue is the major source of revenue for governments. The following graph provides a comparison of the cumulative increase in tax revenue (budgeted revenue) for Regina as compared to the Province of Saskatchewan and the City of Saskatoon.

Tax Revenue Increase – 1990 to 2003



The rate of growth in taxes in Saskatoon has been greater than in Regina since 1990 (and particularly since 1998), although the total taxes in Regina are greater.

The growth in tax revenue for Regina and Saskatoon lags behind that of the Province, even though the increases for the Province are less consistent. The Province has a wider range of taxes than the cities of Regina and Saskatoon. The next graph shows the growth (cumulative increase) in tax revenue for the various provincial taxes in comparison to the tax revenue for Regina and Saskatoon.



While Regina and Saskatoon are limited to the collection of property taxes, amusement tax and special taxes, the Province collects a much broader range of taxes. Provincial taxes (tax amounts are from the 2003-04 budget for the Province) include:

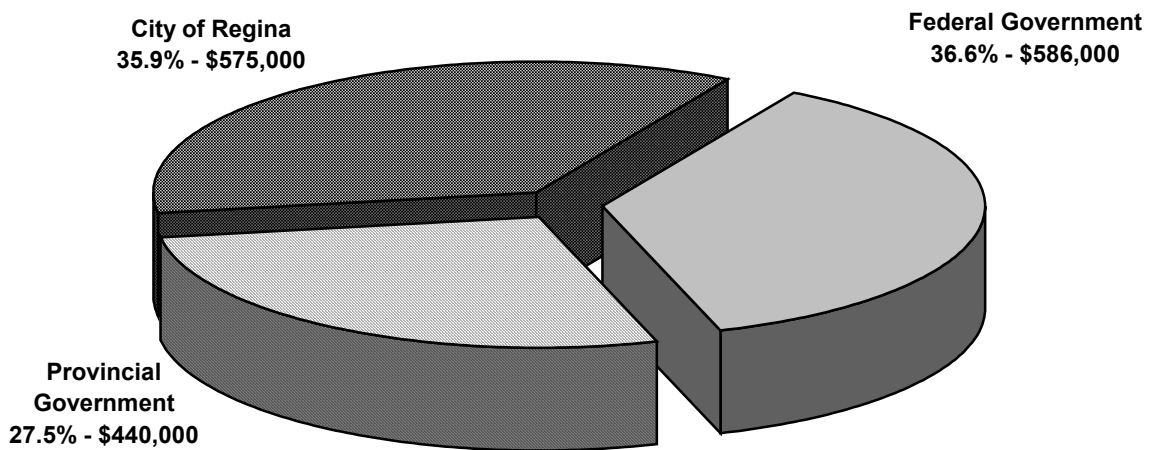
- Personal income tax – \$1,275,100,000.
- Corporate income tax – \$340,900,000.
- Corporate capital tax– \$363,300,000.
- Fuel tax– \$350,400,000.
- Sales tax– \$851,700,000.
- Tobacco tax– \$167,100,000.
- Liquor consumption tax – The tax is a 10% tax on the total selling price of beer, wine and spirits. The total tax is \$53,400,000.

- Insurance premiums tax – The tax is 3% on the gross premiums on life, accident, sickness and hail insurance and 4% on gross premiums on all other insurance transacted in Saskatchewan. The total tax is \$64,195,000.
- Motor vehicles insurance premiums tax – The tax is 1% of gross motor vehicle insurance premiums. The total tax is \$5,700,000.
- Fire prevention tax – The tax is 1% of gross fire insurance premiums. The total tax is \$2,700,000.

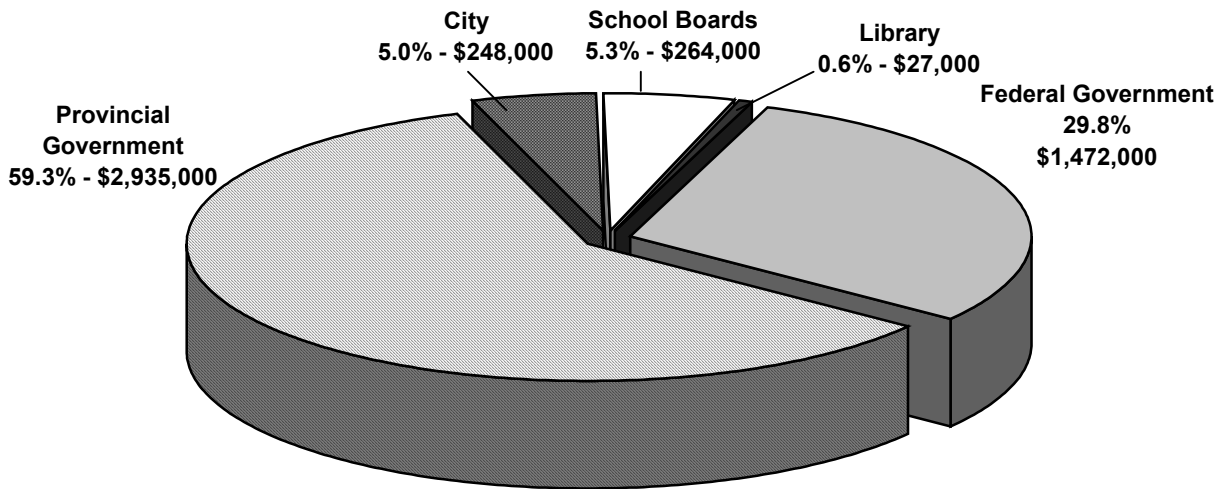
In 2002, the City of Regina commissioned SaskTrends Monitor to prepare an analysis of the taxes or development charges generated by a generic retail development. The one-time taxes and development charges, estimated to be \$1,601,000, include the building permit, development charges levied by the City, GST, PST and the income taxes on those (companies and employees) building the new store. While all levels of government would benefit from the one-time revenues, only the City would incur direct costs as a result of the development related to service provided to the property. The ongoing taxes, estimated to be \$4,946,000 are property taxes, GST and PST on the sale of goods, corporate income taxes on the profits and income taxes on the employees working at the store.

The next two graphs show the distribution of the initial (one-time) taxes and development charges, and the distribution of the ongoing taxes.

Distribution of One-time Taxes and Development Charges
(Sample New Retail Development)



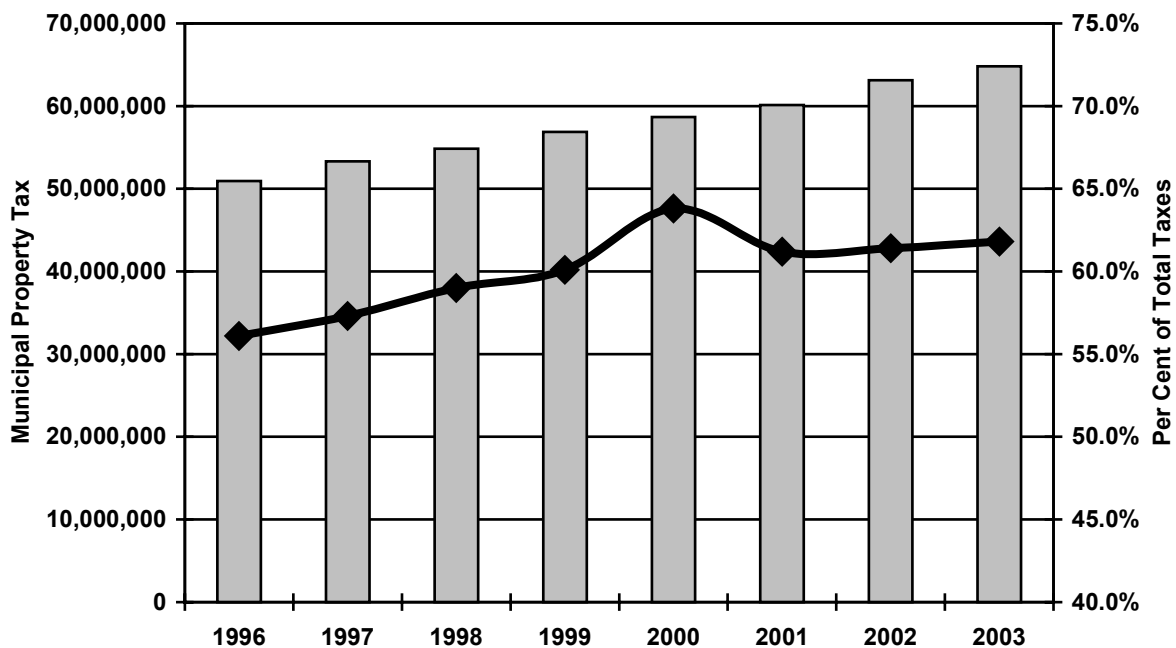
Distribution of Ongoing Taxes
(Sample New Retail Development)



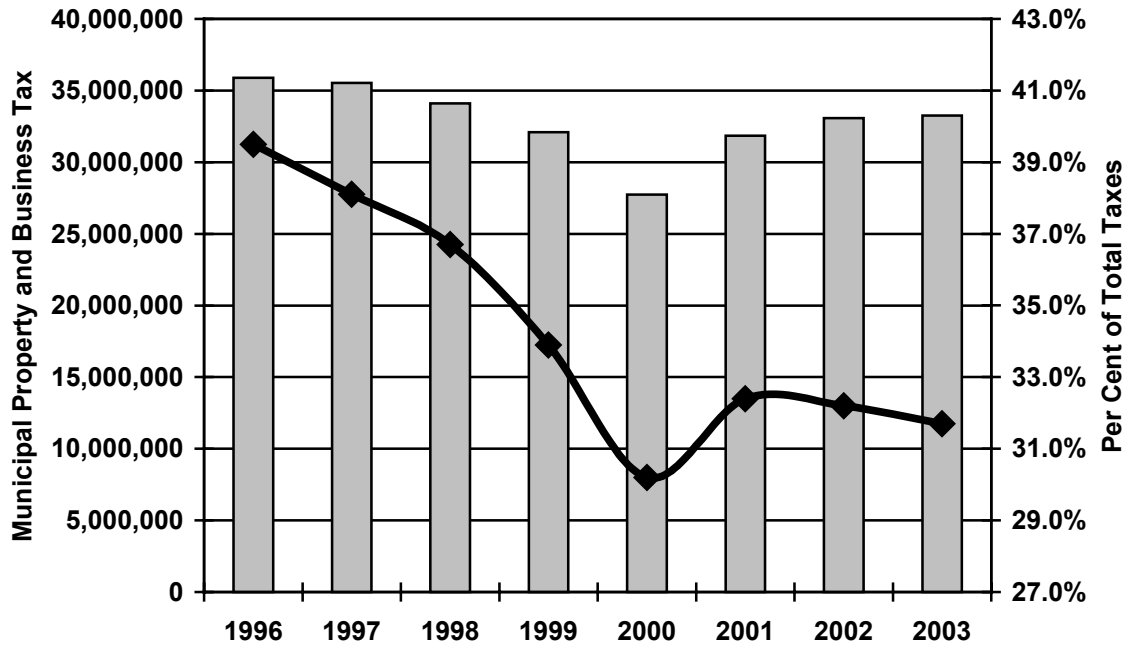
Tax Distribution – Residential and Non-Residential

The next series of graphs provide information on the changes in the distribution of taxes (residential, non-residential and grants in lieu of tax) in Regina since 1996. The taxes are based on the confirmed assessment roll each year, net of phase-in adjustments and do not reflect allowances established at the end of the year for appeals, nor subsequent appeal decisions. The following graphs show the total taxes and percentage of total taxes since 1996 for three groups of properties, residential, taxable commercial and industrial and the grants in lieu of taxes for commercial and industrial properties.

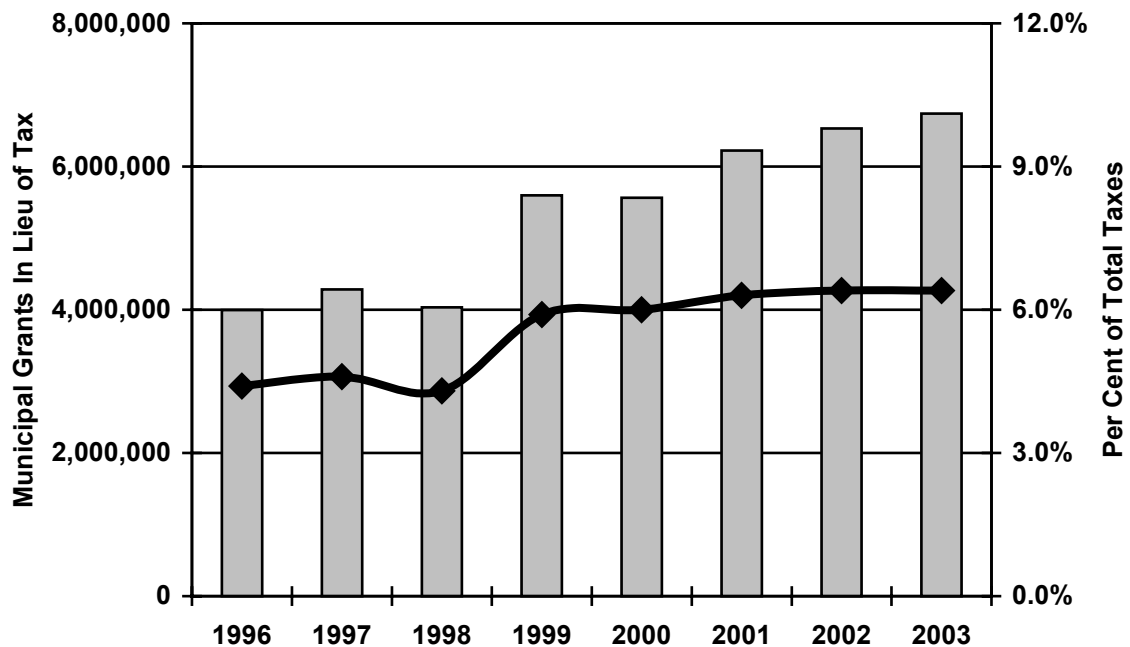
Residential Property Taxes
(Based on the Confirmed Assessment Roll Each Year)



Commercial, Industrial and Other Properties
(Taxable Properties Only – Property and Business Tax)
(Based on the Confirmed Assessment Roll Each Year)



Grant In Lieu Properties (Commercial, Industrial and Other)
(Based on the Confirmed Assessment Roll Each Year)



The following table provides a comparison of the change in total taxes and the distribution of the taxes paid for the three groups of properties referenced in the graphs on the two previous pages.

Total Taxes and Tax Distribution

	1996⁽¹⁾		2004		Total Tax Change	
	Total Taxes	% of Total	Total Taxes	% of Total	Amount	Per Cent
Residential	\$ 50,931.3	56.1	\$ 65,790.6	61.9	\$ 14,859.3	29.2%
Commercial, Industrial & Other:						
Taxable	35,891.5	39.5	34,038.0	32.0	(1,853.5)	-5.2%
Grant In Lieu	3,996.9	4.4	6,397.5	6.0	2,400.6	60.1%
Total	\$ 90,819.7	100.0	\$ 106,226.1	100.0	\$ 15,406.4	17.0%

Note:

1. The tax information for 1996 is the projected taxes for 1997 had reassessment not occurred. The tax amounts were used as the base tax amounts during the tax policy review for the 1997 reassessment.

While taxes on residential properties and grant in lieu properties have increased, the total taxes (property and business) paid by taxable commercial, industrial and other properties has decreased, both in terms of the total taxes and also in terms of the percentage of taxes from that group of properties.

The major factor in the increase in grants in lieu of taxes was the Province's decision to start paying grants in lieu of taxes for general provincial properties. The Province phased in the payment of the grants in lieu of taxes on those properties. While the payment of additional grants in lieu of taxes was positive, there are still concerns about the grant in lieu program. These include:

- The Province has arbitrarily chosen to exclude certain properties from the grant in lieu program. Two properties excluded starting in 2002 were the Royal Saskatchewan Museum and Government House.
- The Province pays grants in lieu for the current year based on the assessment and tax rates of the prior year. Other taxpayers do not have this option.

Government Grants and Transfers

Operating Revenue Summary (\$000's)

Revenue Source	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Revenue Sharing Grant	7,889.1	7,888.6	9,508.3	1,619.2	20.5
Paratransit Grant	930.5	930.5	945.3	14.8	1.6
Other Provincial Grants:					
Dutch Elm Disease Grant	20.0	-	20.0	-	-
Mosquito Control Grant	-	194.6	187.4	187.4	-
Saskatchewan Housing Corp.	-	5.0	-	-	-
Federal Grants:					
Supporting Community Partnership Initiatives	30.0	76.0	84.0	54.0	180.0
Total	<u>8,869.6</u>	<u>9,094.7</u>	<u>10,745.0</u>	<u>1,650.3</u>	<u>18.1</u>

In addition to the grants and transfers included in this section, there are transfers from the senior governments to fund certain Police services. Revenue for the Regina Police Service is included in the Fees and Charges section.

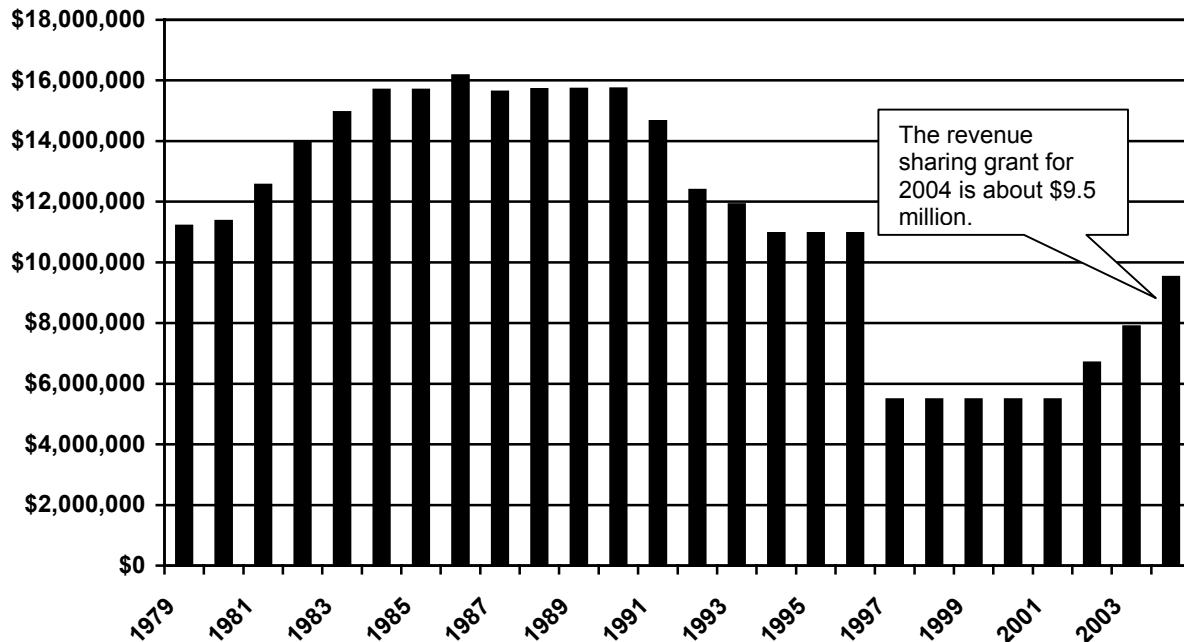
Revenue Sharing Grant

For 2004, the Revenue Sharing grant is projected to be \$9,508,300, an increase of about \$1.6 million over the grant received in 2003. While a grant increase is projected for 2004, the following points are noted:

- In the 2003 budget, the Province increased the revenue sharing grant pools by \$10 million and announced a similar increase in the revenue sharing pools for 2004. The Premier of Saskatchewan announced at the annual SUMA Convention that the 2004 Provincial Budget would include the \$10 million increase in the municipal revenue sharing pools.
- The projected increase of about \$1.6 million for 2004 is higher than the increase for Regina's in 2003. The projected increase for 2004 assumes a per capita distribution of the 2004 increase that is more equitable than the distribution in 2003.

In 1978, the Province introduced the Revenue Sharing Grant Program to replace a variety of provincial grant programs (police grant, per capita grant and equalization grant). The next graph shows the annual revenue sharing grant received by Regina since 1979.

Regina's Revenue Sharing Grant



In 1990, the Revenue Sharing Grant accounted for 11.1% of the total general operating revenue budget. By 2003, the grant accounted for only 4.1% of the total general operating revenue. In 2004, the revenue sharing grant is estimated to be 4.9% of total revenues.

The following table provides information on the distribution of the total revenue sharing pool for municipalities. The distribution does not take into account the increase announced for 2004.

Distribution of 2003 Municipal Revenue Sharing Grant Pools

	Revenue Sharing Grants		Population (2001 Census)		Per Capita Distribution
	Amount	Per Cent of Total	Number	Per Cent of Total	
Urban Municipalities					
Regina	\$ 7,888,600	10.5	178,225	18.8	\$ 44.26
Saskatoon	8,266,400	11.0	196,811	20.7	42.00
Other Cities	8,259,000	11.0	152,831	16.1	54.04
Towns and Villages	12,300,000	16.4	217,058	22.9	56.67
Subtotal	36,714,000	48.9	744,925	78.5	49.29
Rural Municipalities	32,356,000	43.1	187,825	19.8	172.27
Northern Municipalities	5,980,000	8.0	16,659	1.8	358.97
	<u>\$ 75,050,000</u>	<u>100.0</u>	<u>949,409</u>	<u>100.0</u>	<u>79.05</u>

Through the distribution of the increased grants in recent years, the Province has not addressed the imbalance in the level of grants for cities relative to other municipalities. The distribution for the increased allocation in 2004 starts to address, but does not resolve, the inequity in the distribution.

The next table shows the distribution of the revenue sharing grants for urban and rural municipalities in 1990 and 2003.

Distribution of Revenue Sharing Grant Pools

	1990			2003		
	Amount	Per Cent of Total	Per Capita Grant⁽¹⁾	Number	Per Cent of Total	Per Capita Grant⁽¹⁾
Urban Municipalities						
Regina	\$ 15,727,000	15.3	\$ 87.77	\$ 7,888,600	11.4	\$ 44.26
Saskatoon	15,860,400	15.5	85.24	8,266,400	12.0	42.00
Other Cities	10,663,800	10.4	68.68	8,259,000	12.0	53.95
Towns and Villages	19,904,500	19.4	88.71	12,300,000	17.8	56.67
Subtotal	62,155,700	60.6	83.44	36,714,000	53.2	49.27
Rural Municipalities	40,460,000	39.4	192.83	32,356,000	46.8	172.27
	<u>\$ 102,615,700</u>	<u>100.0</u>	<u>107.47</u>	<u>\$ 69,070,000</u>	<u>100.0</u>	<u>74.03</u>

Note1: The 1991 census population is used to calculate the 1990 per capita grants, and the 2001 census population is used to calculate the 2003 per capita grants.

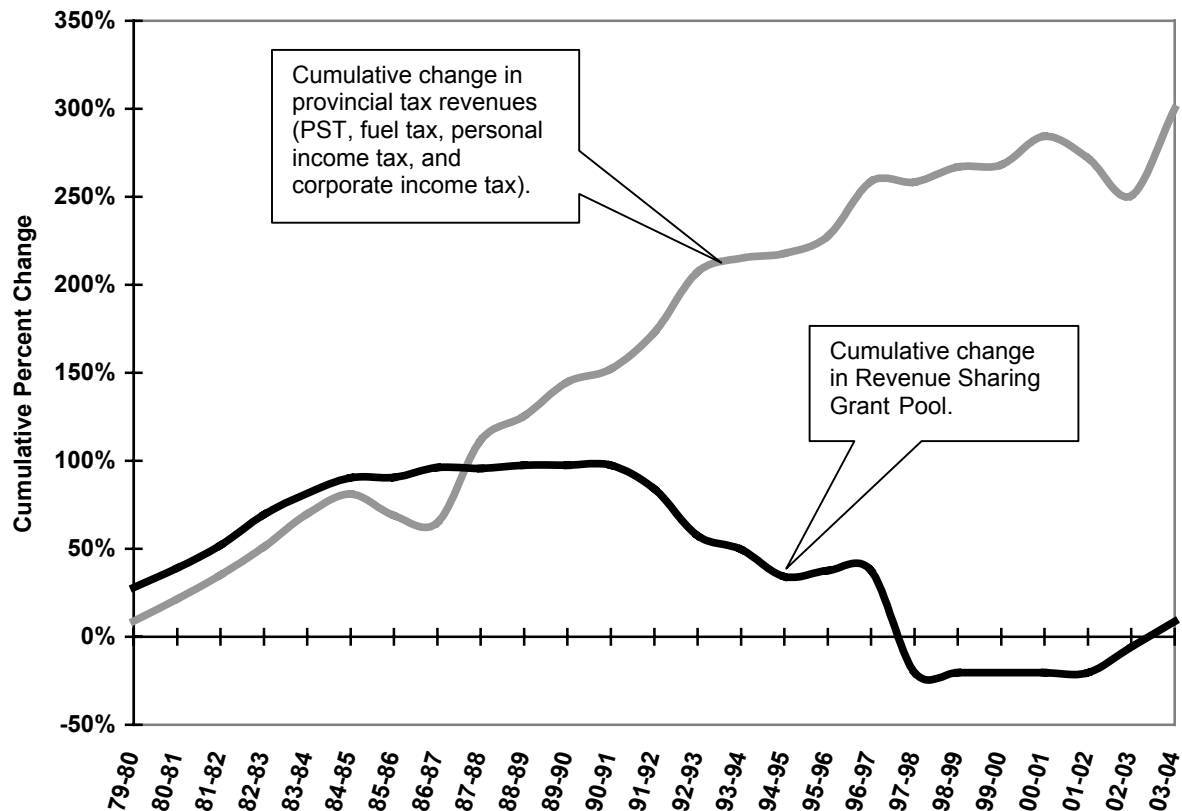
All municipalities have had a decrease in revenue sharing grants from 1990 to 2003. However, the change is more significant for cities. The following points are noted:

- For Regina and Saskatoon, there is on average almost a 49% decrease in per capita grants from 1990 to 2003.
- For other cities, there is on average about a 23% decrease in per capita grants from 1990 to 2003.
- For towns and villages, there is on average about a 38% decrease in per capita grants from 1990 to 2003.
- For rural municipalities, there is on average about a 20% decrease in per capita grants from 1990 to 2003.

The impact of the grant decrease from 1990 to 2003 has been greater on the largest cities.

Initially, the amount of funding in the Revenue Sharing Grant Pool was linked to four provincial tax bases (retail sales, fuel, personal income and corporate income), with the size of the pool increasing or decreasing with the change in the tax base (not tax revenue). The following graph shows the increase in the Urban Revenue Sharing Grant Pool since the inception of the grant program, in comparison to the increase in tax revenue from the four provincial taxes initially linked to the Revenue Sharing Grant Pool.

**Provincial Tax Revenue and Revenue Sharing Grant Pool
(Cumulative Change Since 1979-80)**



Paratransit Grant

For 2004, the **Paratransit Grant** is projected to be \$945,300, an increase of \$14,800 over the 2003 budget. The paratransit grant has not kept pace with service needs and costs. The next table provides information on the operating grants since 1999.

Paratransit Service (\$000's)	1999	2000	2001	2002	2003	2004
Provincial Operating Grant	710.0	710.0	710.0	856.6	930.5	945.3
City's Operating Contribution	743.7	822.6	1,056.4	1,308.3	1,247.4	1,407.5
Total Contributions	1,453.7	1,532.6	1,766.4	2,164.9	2,177.9	2,352.8
Provincial Operating Grant	48.8%	46.3%	40.2%	39.6%	42.7%	40.2%
City's Operating Contribution	51.2%	53.7%	59.8%	60.4%	57.3%	59.8%
Total Contributions	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Funding for the Paratransit Service is shared with the Province of Saskatchewan, with the Province's funding provided through the Transit for the Disabled (TFD) Program. When the Province introduced the program in 1975, the policy was to fund up to 50% of the net operating cost of Paratransit and 75% of the capital costs. While the policy was followed for many years, over time, both operating and capital grant

contributions failed to meet the policy targets. The Province redesigned their funding program in 2002 moving towards a performance-based model, to be implemented over three years.

Other Grants

The total for other grants for 2004 is \$291,400. The Province also provides transfers to the Regina Police Service. The transfers received by the Regina Police Service are included in the Fees and Charges section for Police. Additional information on Other Grants includes:

- The 2004 budget includes \$20,000 from the Province for control of **Dutch Elm Disease**.
- The 2004 budget includes \$84,000 from the federal **Supporting Community Partnerships Initiative**. The funding is for the completion of a consulting agreement started in 2003 to establish a North Central community partnership. The total agreement was \$100,000 with \$16,000 recognized in 2003 and \$84,000 in 2004. The cost of the project is fully recovered.
- The Province has a funding program for **Mosquito Control**. The maximum grant is \$1.00 per capita. Based on the formula, a grant of \$187,400 is projected for 2004.

Licenses, Levies and Fines

Operating Revenue Summary (\$000's)

Revenue Source	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Licenses					
Business Licenses	565.0	571.1	665.0	100.0	17.7
Taxi Licenses	35.0	44.8	42.0	7.0	20.0
Bicycle Licenses	0.7	1.1	0.9	0.2	28.6
Levies and Other Taxes					
Paved and Gravel Alley Special Tax	2,099.7	1,924.7	2,565.3	465.6	22.2
Local Improvement Levy	359.0	384.5	334.7	(24.3)	(6.8)
Amusement Tax	420.0	522.8	525.0	105.0	25.0
Fines					
Court Fines	1,720.0	1,746.5	1,750.0	30.0	1.7
Parking Tickets	1,172.0	1,317.2	1,500.0	328.0	28.0
Total	<u>6,371.4</u>	<u>6,512.7</u>	<u>7,382.9</u>	<u>870.2</u>	13.4

Business Licenses

The authority for licenses is Section 8 of *The Cities Act*. The majority of the licenses issued by the City are pursuant to Bylaw 9565, The Licensing Bylaw.

The 2004 budget for business licenses is \$665,000, an increase of \$100,000 over the 2003 budget. City Council (Report CR03-220) approved increases in license fees for 2004 averaging about 19%. As an example, a typical home based business license increased from \$180 to \$215. On an annual basis, about 3,400 licenses are issued pursuant to Bylaw 9565. About one-half of the licenses issues are issued with for a fee of \$215. License fees range from \$25 to \$835, depending on the nature of the activity being licensed.

The following table details the business license revenue (budget and actual) since 1999.

Business License Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	640.0	640.0	590.0	590.0	565.0
Actual Revenue	593.7	612.0	555.5	529.0	571.1
Budget Variance	(46.3)	(28.0)	(34.5)	(61.0)	6.1

Paved and Gravel Alley Special Tax

Funding for maintenance and reconstruction of alleys is through a **Paved and Gravel Alley Special Tax (Bylaw 2004-22)** levied pursuant to Section 275 of *The Cities Act*. The special tax is levied against all properties that abut an alley and is billed in conjunction with property taxes

The 2004 budget of \$2,565,300 is an increase of \$465,600 over the 2003 budget. The 2004 budget reflects a proposed increase in the special tax rate of approximately 10%, along with \$250,000 in revenue collected but unexpended in prior years.

The following table details the revenue (budget and actual) for alleys and lanes since 1999. For 2003, the revenue was collected through the special tax provisions of *The Cities Act*. Prior to 2003, the levy was assessed pursuant to provisions of *The Urban Municipality Act*.

Alley and Lane Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	1,634.7	1,811.4	1,811.4	2,002.8	2,099.7
Actual Revenue	1,635.0	1,812.0	1,816.5	2,001.8	1,924.7
Budget Variance	0.3	0.6	5.1	(1.0)	(175.0)

The following table has information on the special tax rates and the length of alleys.

Paved and Gravel Alleys	2000	2001	2002	2003	2004
Paved and Upgraded Alleys:					
Length of Alleys (km)	166	172	172	172	172
Assessable Rate	\$1.57/ft.	\$1.57/ft.	\$1.73/ft.	\$1.90/ft.	\$2.09/ft.
Gravel Alleys:					
Length of Alleys (km)	132	132	132	132	132
Assessable Rate	\$1.02/ft.	\$1.02/ft.	\$1.12/ft.	\$1.23/ft.	\$1.35/ft.

The rate increase for 2004 is consistent with the direction adopted by City Council to enhance the maintenance of alleys. In 1996, an initiative was undertaken to evaluate the entire alley system. From the review, it was proposed that a 30-year reconstruction cycle be adopted for paved alleys and a 40-year reconstruction cycle for gravel alleys. In order to implement this proposal the number of paved alleys reconstructed each year would be increased by an increment of four until 2005 when the program would provide for reconstruction of approximately 45 paved alleys. For gravel alleys, the number of alleys reconstructed each year would be increased by an increment of two until 2005 when the program would provide for the reconstruction of approximately 30 gravel alleys. To achieve this goal, City Council adopted a plan for annual increases in alley maintenance fees between 1996 and 2005 of approximately 10% per year.

If the special tax levy is not fully expended in the year levied for the intended purpose, the amount of the levy that is not spent is recognized as deferred revenue and taken into revenue only when it is expended on the intended purpose. As an example, in 2003, only \$1,924,700 was taken into revenue in 2003, with the balance of the special tax that was collected accounted for a deferred revenue.

Local Improvement Levies

Local improvement levies are the result of past local improvement work, where property owners adjacent to the improvements were responsible for a portion of the cost of the work. Property owners have a choice to pay for the full cost of their share of the work when the work is completed, or pay for their share of the cost, plus interest, over a period of ten years through local improvement levies. During the course of the ten-year repayment period, property owners have the option of paying, without penalty, the balance of the amount owing to the City. **For 2004, the projected revenue from local improvement levies is \$334,700, a decrease of \$24,300 from the 2003 budget.**

Amusement Tax

The authority for **amusement tax** is Section 279 of *The Cities Act*. Bylaw 2003-102, the Amusement Tax Bylaw, establishes the amusement tax rate and defines the nature of entertainment subject to the tax. Amusement tax is applicable to the sale of tickets for commercial movie theatres. The amusement tax is 10%, with one-tenth of the amount to be retained by the theatre as an administrative fee for collecting the tax.

For 2004, the projected revenue from amusement tax is \$525,000, an increase of \$105,000 over the 2003 budget. The projected revenue increase is based on actual results for 2003. The increase results from the opening of a new movie theatre, although another movie theatre has recently closed.

The following table details the amusement tax revenue (budget and actual) since 1999.

Amusement Tax Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	350.0	350.0	380.0	380.0	420.0
Actual Revenue	391.6	384.0	411.8	475.2	522.8
Budget Variance	41.6	34.0	31.8	95.2	102.8

Court Fines

The projected revenue from court fines for 2004 is \$1,750,000, an increase of \$30,000 over the 2003 budget. The increase is based on actual results in 2003.

Court fines are received either through the Municipal Court or through traffic violations that result in payment through the provincial court system. The Regina Police Service issues tickets for infractions of *The Provincial Vehicles Act* and the City of Regina Traffic Bylaw.

The next table provides a summary of the budgeted and actual revenue from court fines since 1999 along with history on the number of traffic tickets issued and paid.

Court Fines Information	1999	2000	2001	2002	2003
Fine Revenue (\$000's):					
Budgeted Revenue	1,075.0	980.0	1,600.0	1,720.0	1,720.0
Actual Revenue	964.3	1,476.4	1,796.4	1,781.6	1,746.5
Budget Variance	(110.7)	496.4	196.4	61.6	26.5
Traffic Tickets:					
Tickets Issued	15,809	18,226	23,486	20,371	19,101
Tickets Paid	11,678	17,402	18,944	18,746	18,227

While the Province administers and enforces the collection of tickets, they deduct from the fine revenue remitted to the City the following charges:

- A court security fee of \$320,000 per year. Regina and Saskatoon pay the same fee. The fee is not charged to other communities. The Regina Police Service provided court security at one time, when the court was adjacent to the Police Service Building. The Regina Police Service no longer provided security once the new court was opened on Smith Street. The Province imposed a fee of \$320,000 to pay for court security costs. The amount of the fee has remained unchanged for many years.

- The Province charges an administration fee of 25% of the value of the tickets collected. A 7% administration fee was implemented in 1991, with the fee increased to 25% in 1992.

The cost of the court security fee and the administration fee is budgeted under Provincial Payments in the Finance Department budget.

Parking Fines

Parking fine revenue is projected to increase in 2004 by \$328,000. The increase is the result of City Council (Report CR03-113) increasing parking infractions by \$10, with a \$5 increase in the discount, coupled with the discount period being extended from 10 days to 14 days.

The next table provides a summary of the parking fine revenue since 1999 along with information on the tickets issued and paid, and other related information.

Parking Ticket Information	1999	2000	2001	2002	2003
Parking Ticket Fines (\$000's):					
Budget	970.0	970.0	970.0	1,070.0	1,172.0
Actual	978.1	1,045.9	1,089.8	1,165.7	1,317.2
Budget Variance	8.1	75.9	119.8	95.7	145.2
Parking Tickets:					
Tickets Issued - City	62,624	63,733	71,784	76,024	69,373
Tickets Issued - Wascana/University	11,036	11,277	12,597	16,392	23,635
Tickets Paid	67,107	72,548	78,675	83,906	82,065
Percentage of Tickets Paid by Period:					
Discount	81%	80%	83%	80%	77%
Summons	17%	17%	15%	16%	15%
Court	2%	3%	2%	4%	8%
Parking Summons and Warrants:					
Summons Mailed	22,509	17,225	19,244	21,424	20,769
Summons Served	6,959	8,199	5,281	91,119	10,812
Warrants Issued	5,045	5,433	4,124	5,299	1,365

Fees and Charges

Operating Revenue Summary (\$000's)

Revenue Category (\$000's)	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Engineering and Works Department	4,058.9	4,432.2	5,213.8	1,154.9	28.5
Community Services Department	8,874.7	9,089.9	9,261.1	386.4	4.4
Transit Department	5,629.8	5,665.8	5,884.5	254.7	4.5
Police Department	3,003.0	3,219.4	3,149.8	146.8	4.9
Other Fees and Charges	1,034.1	1,765.8	1,217.8	183.7	17.8
Total	<u>22,600.5</u>	<u>24,173.1</u>	<u>24,727.0</u>	<u>2,126.5</u>	<u>9.4</u>

Engineering and Works Fees and Charges

Revenue Source (\$000's)	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Development & Technical Services					
Servicing Agreement Fees	50.0	115.8	50.0	-	-
Survey Services	20.0	-	20.0	-	-
Sale of Maps and Prints	14.0	11.4	10.0	(4.0)	(28.6)
Roadways and Traffic					
Cut Repairs	108.2	132.5	52.6	(55.6)	(51.4)
Other Roadways Revenues	57.0	79.6	55.0	(2.0)	(3.5)
Parking Permit Fees	60.0	86.7	75.0	15.0	25.0
Encroachment Fees	20.0	15.2	20.0	-	-
Parking Meter Fees	983.0	1,064.2	1,080.0	97.0	9.9
Other Permits	13.0	10.5	13.0	-	-
Other Traffic Revenues	71.0	90.8	75.0	4.0	5.6
Waste Management					
Landfill Charges	2,176.9	2,295.1	3,262.0	1,085.1	49.8
Commercial Collection & Disposal	247.7	265.2	263.2	15.5	6.3
Recycling Revenues	238.1	265.2	238.0	(0.1)	(0.0)
Total	<u>4,058.9</u>	<u>4,432.2</u>	<u>5,213.8</u>	<u>1,154.9</u>	<u>28.5</u>

Parking Meter Fees

The 2004 budget for parking meter revenues is \$1,080,000, an increase of \$97,000 from the 2003 budget. In 2003, City Council (CR03-113) approved, effective July 1, 2003, an increase in parking meter rates from \$0.75 to \$1.00 per hour. The increase is for regular meters. Loading zone meters are 50 cents for 15 minutes. The last increase in parking meter rates was in 1989, when the rate was increased from 50 cents per hour to 75 cents per hour.

The following table details parking meter revenue (budget and actual) since 1999.

Parking Meter Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	900.0	870.0	870.0	850.0	983.0
Actual Revenue	874.9	847.0	813.2	932.6	1,064.2
Budget Variance	(25.1)	(23.0)	(56.8)	82.6	81.2

Landfill Fees

The 2004 budget for landfill fees is \$3,262,000, an increase of \$1,085,100 over the 2003 budget. In 2003, City Council (Report CM03-15) approved new landfill rates for the 2003 to 2006 period. The rate prior to the approved schedule of increases was \$20.60 per tonne. The rate increased to \$27.50 per tonne August 31, 2003, with further increases to \$27.50 per tonne, January 1, 2004, \$30.90 per tonne effective January 1, 2005 and \$33.00 per tonne effective January 1, 2006.

In addition to the rate per tonne increasing, the rate for cars and trucks was also increased. The rate had been \$1.00 per vehicle, and was increased to \$3.00 per vehicle in August 2003, \$4.00 per vehicle in 2004 and \$5.00 per vehicle in 2005.

City Council also adopted a revised funding policy for the calculation of the transfer to the landfill reserve. Starting in 2003, the landfill and recycling revenues net of landfill and recycling operating costs are transferred to the Landfill Reserve to fund landfill capital costs. The landfill revenues used in the calculation of the transfer include the revenues from external customers, and the deemed revenue, based on the approved landfill rates for residential waste disposed at the landfill. A financial model has been developed for the landfill operations, taking into account operating and capital costs for the landfill and recycling. Rates are established based on funding requirements for operating costs along with current and projected capital requirements.

The following table details landfill revenue (budget and actual) since 1999.

Landfill Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	2,199.5	2,267.0	2,370.0	2,385.4	2,176.9
Actual Revenue	2,718.3	2,416.8	2,416.8	2,019.8	2,175.7
Budget Variance	518.8	149.8	46.8	(365.6)	(1.2)

Community Services Fees and Charges

Revenue Source (\$000's)	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Community and Leisure Services Division					
Northwest Leisure Centre	383.2	368.9	446.8	63.6	16.6
Sandra Schmirler Leisure Centre	595.6	508.4	666.3	70.7	11.9
Lawson Aquatic Centre	610.6	651.4	676.5	65.9	10.8
Fieldhouse	907.5	740.9	951.0	43.5	4.8
Outdoor Pools	128.2	129.0	133.2	5.0	3.9
Neil Balkwill Civic Arts Centre	165.4	165.6	180.8	15.4	9.3
Speed Skating Oval	0.5	1.7	0.8	0.3	60.0
Athletic Fields	59.5	78.5	59.0	(0.5)	(0.8)
Taylor Field	168.9	317.2	190.3	21.4	12.7
Leslie Lawn Bowling Greens	17.5	27.8	17.5	-	-
Tennis Courts	4.8	1.7	1.8	(3.0)	(62.5)
Douglas Park	1.4	-	-	(1.4)	(100.0)
Indoor Arenas	1,235.3	1,135.7	1,262.5	27.2	2.2
Other Revenues	-	6.7	11.4	11.4	-
Community & Social Development Services					
Facility Rentals	130.7	147.6	147.7	17.0	13.0
Program Registration Fees	99.1	71.3	92.5	(6.6)	(6.7)
Other Revenue and Donations	53.7	50.4	21.3	(32.4)	(60.3)
Parks and Open Space Management Division					
Golf Courses	2,474.4	2,358.6	2,417.7	(56.7)	(2.3)
Cemeteries	806.3	847.4	849.1	42.8	5.3
Other Revenues	33.0	62.9	25.0	(8.0)	(24.2)
Bylaw Enforcement Division					
Removal of Junk	0.7	1.0	1.5	0.8	114.3
Building Inspections Division					
Building Permits Fees	800.0	1,179.7	900.0	100.0	12.5
RRAP Inspection Fees	26.4	30.9	26.4	-	-
Other Building Fees and Charges	15.4	12.6	16.0	0.6	3.9
Urban Planning Division					
Development Application Fees	96.6	135.7	120.0	23.4	24.2
Sign Permit Fees	33.8	33.9	32.0	(1.8)	(5.3)
Other Planning Fees and Charges	26.2	24.4	14.0	(12.2)	(46.6)
Total	8,874.7	9,089.9	9,261.1	386.4	4.4

Community and Leisure Services Revenue

The following table details building community and leisure services revenue (budget and actual) since 1999. The revenue includes the fees and charges for programs and service at the North West Leisure Centre, Sandra Schmirler Centre, Lawson Aquatic Centre, Fieldhouse, Outdoor Pools, Neil Balkwill Civic Arts Centre, Athletic Fields, and the neighbourhood centres.

Community & Leisure Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	2,511.4	2,511.4	2,626.9	2,742.8	3,080.3
Actual Revenue	2,571.0	2,619.8	2,690.5	2,966.9	2,858.3
Budget Variance	59.6	108.4	63.6	224.1	(222.0)

City Council (Report CR03-171) approved a new fee schedule for Community and Leisure Services for the 2003 to 2007 period. Examples of the changes are:

- The youth general admission fee to a leisure facility was \$2.55 on September 1, 2003, increasing to \$2.70 on January 1, 2004, and \$3.00 on September 1, 2004. As of September 1 for the following years, the fee increases to \$3.30 in 2005, \$3.60 in 2006 and \$3.90 in 2007.
- The adult general admission fee has a similar schedule of increases, with the overall increase from \$3.40 as of September 1, 2003 to \$5.20 as of September 1, 2007.
- The cost of a three month leisure pass for a youth increases from \$62.00 as of September 1, 2003 to \$98.00 as of September 1, 2007. Over the same period, the adult three-month leisure pass increases from \$82.65 to \$127.00.

Arena Revenue

The 2004 budget for arena revenue is \$1,262,500, an increase of \$27,200 over the 2003 budget. City Council (Report CR03-171) adopted a revised fee schedule for arenas and other recreation and leisure facilities. There are a variety of fees for arenas. The rates for the two major uses of areas are:

- For adult activity and tournaments, the hourly rate for ice time was \$117.30 September 1, 2003, increasing to \$120.80 April 19, 2004, \$124.40 in 2005, \$128.00 in 2006 and \$132.00 in 2007. The fee is intended to recover 100% of the cost.
- For youth leagues and tournaments, the hourly rate for ice time was \$63.35 as of September 1, 2003, increasing to \$68.80 April 19, 2004, \$76.40 in 2005, \$80.60 in 2006 and \$85.80 in 2007. By 2007, the rate will be 65% of the adult rate.

The following table details building arena revenue (budget and actual) since 1999.

Arena Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	941.9	941.9	992.1	1,019.0	1,235.3
Actual Revenue	957.3	1,005.2	1,090.1	1,102.7	1,135.7
Budget Variance	15.4	63.3	98.0	83.7	(99.6)

Golf Course Revenue

The 2004 budget for golf course revenue is \$2,417,700, a decrease of \$56,700 from the 2003 budget. While golf course rates are increased for 2004, due to a decline in the number of rounds played in recent years, the revenue projection for 2004 is reduced.

City Council (Report CR02-261) approved golf course fees for the 2003 to 2005 period. The weekend green fee will go from \$27.50 in 2003 to \$29.00 in 2004 and \$30.50 in 2005. For 2004, the rates at the Goulet Golf Course are being maintained at the 2003 rates.

Golf course revenue includes a combination of a portion of the green fees paid (50% of green fees with the other 50% going to the course operators), along with fees paid by the course operators. The fees paid by the course operators are established in the contract for each course, with a formula to increase the fee based on the rate of increase for golf fees.

The following table details golf course revenue (budget and actual) since 1999.

Golf Course Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	1,886.0	2,100.0	2,186.8	2,230.0	2,474.4
Actual Revenue	2,059.8	2,148.6	2,221.7	2,048.9	2,358.6
Budget Variance	173.8	48.6	34.9	(181.1)	(115.8)

Cemetery Revenue

The 2004 budget for cemetery revenue is \$849,100, an increase of \$42,800 over the 2003 budget. City Council (Report CR03-248) approved the Cemeteries Financial Plan for 2004 to 2006. The Plan included rate increases for 2004, 2005 and 2006. The annual revenue for the cemetery options includes revenue from fees and charges, and investment income on the Perpetual Care Trust Fund.

The following table details cemetery revenue (budget and actual) since 1999.

Cemetery Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	709.4	768.2	730.8	780.5	806.3
Actual Revenue	914.4	768.6	792.0	897.8	847.4
Budget Variance	205.0	0.4	61.2	117.3	41.1

Building Permit Fees

The 2004 budget for building permit fees is \$900,000, an increase of \$100,000 over the 2003 budget. The fees are established in Building Bylaw 2003-7. City Council (Report CR03-249) considered a report that reviewed the building permit fees. The fee schedule was not changed, but the formula for calculating the value for the purpose of determining the permit cost was revised. Building permit fees are by policy based on a 75% cost recovery over a five-year period. There is a schedule of fees for building projects with a value of up to \$100,000 (\$100 fee for \$10,000 value up to a \$500 fee for \$100,000 value), with the fee increasing by \$5.00 per \$1,000 in value above \$100,000.

The following table details building permit fee revenue (budget and actual) since 1999.

Building Permit Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	800.0	800.0	800.0	751.0	800.0
Actual Revenue	943.4	662.1	1,054.3	795.5	1,179.7
Budget Variance	143.4	(137.9)	254.3	44.5	379.7

Transit Fees and Charges

Revenue Source (\$000's)	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Public Transit					
Cash Fares	1,542.5	1,735.8	1,832.3	289.8	18.8
Ticket Sales	1,083.0	942.9	1,064.6	(18.4)	(1.7)
Pass Sales	1,927.8	1,793.9	1,854.4	(73.4)	(3.8)
Senior Citizens Pass Sales	275.3	309.2	301.6	26.3	9.6
Advertising	267.7	268.0	267.7	-	-
Other Revenue	154.1	229.2	154.1	-	-
Paratransit					
Cash, Ticket and Pass Sales	230.0	225.9	260.4	30.4	13.2
Other Revenue	149.4	160.9	149.4	-	-
Total	5,629.8	5,665.8	5,884.5	254.7	4.5

The 2004 budget for Transit revenues is \$5,884,500, an increase of \$254.7 over the 2003 budget. The increase is the result of increases in transit fares effective July 1, 2004. Increases are also approved for 2005 and 2006. The following table details public transit and paratransit revenues (budget and actual) since 1999.

Transit Revenues and Fares (\$000's)	1999	2000	2001	2002	2003
Public Transit Revenue:					
Budgeted Revenue	4,834.4	5,199.7	5,160.9	5,324.6	5,250.4
Actual Revenue	4,884.1	5,111.5	5,214.8	5,204.0	5,279.0
Budget Variance	49.7	(88.2)	53.9	(120.6)	28.6
Public Transit Rates (effective July 1 each year)					
Price per Cash Fare:					
Adult	1.50	1.55	1.60	1.65	1.75
Youth	1.05	1.10	1.15	1.20	1.30
Price per Bus Ticket:					
Adult	1.40	1.45	1.50	1.55	1.60
Youth	0.95	1.00	1.05	1.10	1.15
Price per Bus Pass:					
Adult (monthly)	46.00	47.00	48.00	50.00	52.50
Post Secondary (monthly)	39.00	40.00	42.00	43.00	45.50
Youth (monthly)	33.00	34.00	36.00	37.00	39.00
Senior (semi-annual)	69.00	70.50	72.00	75.00	85.00
Senior (annual)	138.00	141.00	144.00	150.00	170.00
Employer Pass	38.33	39.17	40.00	41.67	43.75
Paratransit Revenue:					
Budgeted Revenue	340.9	348.1	363.1	359.1	379.4
Actual Revenue	348.4	355.3	366.6	366.6	386.8
Budget Variance	7.5	7.2	3.5	7.5	7.4
Paratransit Rates	1.50	1.55	1.60	1.65	1.75

The revenue projection for public transit revenues is based on a fare strategy for 2004 to 2006 that is based on a goal to increase ridership by deep discounting tickets and passes. The components of the fare strategy include:

- Cash fares for adults increase by 15 cents effective July 1, 2004 to \$1.90 from the current rate of \$1.75. There would be a further increase of 10 cents in each of 2005 and 2006.
- Cash fares for youth increase by 10 cents to \$1.40 in 2004, with a further increase of 5 cents in each of 2005 and 2006. The resulting cash fares would be \$1.50 in 2005 and \$1.60 in 2006.
- Ticket rates do not increase in 2004. The result is a deeper discount for customers purchasing tickets rather than paying cash fares. The ticket price for adults would reflect a 30 cent discount in 2004, a 35 cent discount in 2005, and a 40 cent discount in 2006.
- For youth tickets, the discount would be 25 cents in 2004, 30 cents in 2005, and 35 cents in 2006.
- Pass rates do not increase in 2004. The prices for 2005 and 2006 are priced on the following basis (rounded to the nearest dollar) are:
 - The adult pass would be equivalent to 27 times the adult cash fare for 2005 and 2006. The monthly adult pass would increase to \$54.00 in 2005 and \$57.00 in 2006.
 - The post secondary pass would be 23.5 times the adult cash fare in 2005 and 23 times in 2006. The pass rate would increase to \$47.00 in 2005 and \$48.00 in 2006.
 - The youth pass would be 27 times the youth cash fare in 2005 and 2006. The pass rate would increase from to \$40.00 in 2005 and \$42.00 in 2006.
 - The senior annual pass is the equivalent to 3.25 the monthly adult pass. The annual fee is currently \$170 and will increase to \$176 in 2005 and \$185 in 2006.
 - The daily or weekend family pass is the equivalent of three times the adult cash fare. The fare would increase from the current rate of \$5.25 per pass to \$6.00 in 2005 and \$6.30 in 2006.

Police Fees and Charges

Revenues for the Regina Police Services are projected to increase \$146,800. The revenues are based on the 2004 budget of the Board of Police Commission, submitted to City Council on January 26, 2004. The revenues include transfers from the Federal and Provincial Governments.

Revenue Source (\$000's)	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Provincial Programs					
9-1-1 PSAP	721.6	573.3	694.3	(27.3)	(3.8)
Victim Services	84.4	89.3	87.4	3.0	3.6
Aboriginal Resource Officers	78.9	84.4	82.2	3.3	4.2
Shocap	230.0	300.0	375.0	145.0	63.0
Organized Crime	375.0	375.0	375.0	-	-
Enhanced Community Policing	800.0	800.0	800.0	-	-
Provincial Family Violence Program	80.3	77.3	18.3	(62.0)	(77.2)
Fraud Investigator - Social Services	65.1	68.0	68.0	2.9	4.5
SGI Enforcement Overdrive	58.0	60.0	60.0	2.0	3.4
DISC Program	10.0	4.6	-	(10.0)	(100.0)
	<u>2,503.3</u>	<u>2,431.9</u>	<u>2,560.2</u>	<u>56.9</u>	<u>2.3</u>
Federal Programs					
Proceeds of Crime	80.0	80.0	80.0	-	-
RIIU Casual Monitor	17.4	30.0	17.8	0.4	2.3
	<u>97.4</u>	<u>110.0</u>	<u>97.8</u>	<u>0.4</u>	<u>0.4</u>
Other Revenue					
Radio Shop	235.7	289.4	326.0	90.3	38.3
Miscellaneous Revenue	135.0	364.5	131.8	(3.2)	(2.4)
Contributions	21.6	21.6	24.0	2.4	11.1
Cost Recoveries	10.0	2.0	10.0	-	-
	<u>402.3</u>	<u>677.5</u>	<u>491.8</u>	<u>89.5</u>	<u>22.2</u>
Total	<u><u>3,003.0</u></u>	<u><u>3,219.4</u></u>	<u><u>3,149.8</u></u>	<u><u>146.8</u></u>	<u><u>4.9</u></u>

Provincial Programs

- **9-1-1 PSAP** – This revenue is related to the provincial 9-1-1 system. The Regina Police Service is one of the three PSAP's for Saskatchewan. The Regina regional PSAP was live in February 2003.
- **Victim Services** – This program is funded by the Saskatchewan Provincial Government, Department of Justice and funds two civilian employees to provide basic services to victims of crime and traumatic events including information, support, referral, accompaniment and advocacy.
- **Aboriginal Resources Program** – This program is funded by the Saskatchewan Provincial Government, Department of Justice and funds two civilian employees to provide basic services to aboriginal victims of crime and their families including information, support and referral. The program also reflects community interest/concerns as a focus for advocacy within the justice system on behalf of aboriginal victims of crime.
- **SHOCAP** – Serious and Habitual Offender Comprehensive Action Plan Program. This program is funded by the Saskatchewan Provincial Government, Department of Justice and funds three police officers and one support staff to provide a strategy that integrates the resources of police, prosecutions,

social services, corrections and other agencies to respond in an effective manner to serious and habitual offenders.

- **Organized Crime** – This program is funded by the Saskatchewan Provincial Government, Department of Justice. The program funds four officers and one support staff to provide a strategy for the resources of the Regina Police Service Serious Crime Task Force to conduct comprehensive investigations of individuals involved in or suspected of engaging in organized criminal activities.
- **Enhanced Community Policing** – This program is funded by the Saskatchewan Provincial Government, Department of Justice and currently funds ten officers.
- **Provincial Family Violence** – This program is funded by the Saskatchewan Provincial Government, Department of Justice and funds one officer to assist in providing province-wide training on family violence for law enforcement and other justice personnel and expertise on other justice initiatives related to family violence.
- **Fraud Investigator** – This program is funded by the Saskatchewan Provincial Government, Department of Social Services and funds one officer to investigate fraud.
- **SGI Enforcement Overdrive** – This program is funded by SGI and funds the cost to conduct road side check points to reduce the incidence of impaired driving and make the streets of Regina safer.
- **DISC Program** – This is one-time funding from the Provincial Government and supports the Deter & Identify Sex Trade Consumers database.

Federal Programs

- **Proceeds of Crime** – This program is funded by the Government of Canada and funds one officer to participate in a multi-organizational unit called the Integrated Proceeds of Crime Section (IPOC).
- **RUUI Casual Monitor** – This program is funded by the RCMP and supports one-half time casual to provide clerical duties related to ACIIS.

Other Police Revenues

- **Miscellaneous Revenue** – This revenue includes pre-employment criminal record checks, letters of conduct and other general revenue.
- **Radio Shop** – This revenue is cost recovery and corresponds with the Radio Shop Operating Budget – P455. Revenues are received through charges for services related to the City of Regina joint trunked radio station.
- **School Resource Vehicle Lease** – This revenue is cost recovery and is received by the Public and Separate School Boards for lease payments for school resource vehicles.
- **Sigma Testing Cost Recovery** – This funding is cost recovery and is the actual cost of administering the Sigma testing that is charged to all police and communications officers applicants.

Other Fees and Charges

Revenue Source (\$000's)	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Council and Committees					
Board of Revision Fees	15.0	38.4	30.0	15.0	100.0
Development Appeals Fees	4.0	3.4	3.0	(1.0)	(25.0)
Other Revenue	-	41.9	-	-	-
	<u>19.0</u>	<u>83.7</u>	<u>33.0</u>	<u>14.0</u>	<u>73.7</u>
City Manager's Department					
Sask911 Revenue	<u>60.0</u>	<u>46.8</u>	<u>-</u>	<u>(60.0)</u>	<u>(100.0)</u>
Corporate Services Department					
Auction and Salvage ⁽¹⁾	-	-	131.2	131.2	-
Employee Parking	120.0	116.7	120.0	-	-
Facility Operating Agreements	13.0	19.3	13.0	-	-
Facility Charges - Sunset Library	61.6	61.6	61.6	-	-
Other Revenue	7.0	44.2	9.0	2.0	28.6
Recovery of Election Costs	154.9	172.8	-	(154.9)	(100.0)
Public Affairs Fees & Charges	<u>16.0</u>	<u>196.4</u>	<u>16.0</u>	<u>-</u>	<u>-</u>
	<u>372.5</u>	<u>611.0</u>	<u>350.8</u>	<u>(21.7)</u>	<u>(5.8)</u>
Finance Department					
Assessment and Taxation Fees	170.0	158.1	170.0	-	-
False Alarm Fees	-	-	81.0	81.0	-
Convention Parking Permits	5.0	4.4	5.5	0.5	10.0
NSF Cheque Fees	12.5	16.1	12.5	-	-
Miscellaneous Revenues	<u>-</u>	<u>243.3</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>187.5</u>	<u>421.9</u>	<u>269.0</u>	<u>81.5</u>	<u>43.5</u>
Fire Department					
Fire Suppression Fees	140.0	182.5	175.0	35.0	25.0
Other Fees and Charges	<u>10.1</u>	<u>34.9</u>	<u>5.0</u>	<u>(5.1)</u>	<u>(50.5)</u>
	<u>150.1</u>	<u>217.4</u>	<u>180.0</u>	<u>29.9</u>	<u>19.9</u>
Saskatchewan Lotteries Grant	<u>245.0</u>	<u>385.0</u>	<u>385.0</u>	<u>140.0</u>	<u>57.1</u>
Total	<u><u>1,034.1</u></u>	<u><u>1,765.8</u></u>	<u><u>1,217.8</u></u>	<u><u>183.7</u></u>	<u><u>17.8</u></u>

Note:

1. Auction and salvage revenues and expenditures have been shifted to the General Operating Budget for 2004 from the budget for Other Funds.

Board of Revision Fees

The Board hears appeals and makes decisions with respect to local improvements and property assessment appeals in accordance with *The Local Improvements Act, 1993* and *The Cities Act*. There are nine citizen members on the Board. The fees established by City Council in Bylaw 2003-69, pursuant to the authority in Section 196 of The Cities Act, are:

- \$30.00 for each single family residential property;
- \$30.00 per condominium unit subject to a maximum of \$600.00 for each condominium development; and,
- For all other properties, \$50.00 for each \$100,000 of fair value assessment, to a maximum of \$600.00 per property.

Fees are refundable if the appeal is successful. There are a substantial number of appeals in a reassessment, with fewer appeals in the years following a reassessment. The last reassessment was in 2001, with the next reassessment in 2005. The following table provides a summary of assessment appeals since 1999.

Board of Revision - Assessment Appeals	1999	2000	2001	2002	2003
Appeals Received	227	144	1,072	511	265
Valid Appeals Heard	203	138	650	491	239
Appeal Decisions With No Change	60	33	154	174	74
Appeal Decisions With Change	143	105	496	307	165

Development Appeals Fees

The Development Appeals Board hears and considers appeals to zoning regulations. It carries the duties and powers as set forth in Bylaw 9250 and section 92 of *The Planning and Development Act, 1983*. There are five citizen members on the Board. The appeal fee is \$50.00. The following table provides a summary of the number of development appeals considered in recent years.

Development Appeals Board	1999	2000	2001	2002	2003
Development Appeals	78	79	51	71	52

Sask911 Revenue

A portion of the Sask 911 funding received from the Province was allocated to the City Manager's Office to partially fund a position working on the province-wide 911 implementation. The project assignment is now complete and as such, there is no revenue allocated in 2004.

Assessment and Taxation Fees

The revenue for tax certificates is estimated to be \$100,000. The fee for a tax certificate is \$25. Fees paid by mortgage companies for taxation services are estimated at \$50,000. A variety of other miscellaneous fees account for the balance of the assessment and taxation fee revenue. Fees are established in Schedule B of Bylaw 2003-69.

False Alarm Fees

Based on a recommendation from The Board of Police Commissioners, City Council passed bylaw 2004-24, providing for false alarm fees of \$75 for the third and fourth false alarm within a one year period. The Police Department administers the alarm bylaw, but the fees are billed through the Finance Department. The estimate for 2004 is based on an implementation date for the fees of April 1, 2004.

Fire Suppression Service Fees

The majority of the Fire Department revenue is for fees pursuant to service agreements with the Rural Municipality of Sherwood and the Rural Municipality of Lumsden. The fees have two components:

- **Retainer Fee** – For each of the servicing agreements there is an annual retainer fee paid by the Rural Municipality. The base fee was established when the initial agreements were negotiated, with

the fee increased each year by the greater of the percentage increase in the Consumer Price Index for the prior year, and the percentage increase in the operating budget for the Fire Department. The following table has information on the projected retainer fee for 2004 along with the fees in prior years.

Fire Service Agreements Retainer Fee	2001	2002	2003	2004
Rural Municipality of Sherwood	54,268	56,113	58,021	63,533
Rural Municipality of Lumsden	3,770	7,540	7,796	8,537

- **Service Call Fee** – In addition to the retainer fee, there is a charge per incident billed to the property owner. The Rural Municipality pays the fee if the fee is not paid by the property owner. Revenues vary based on the number of service calls, the resources required, and the length of time for a call. The estimated revenue from service call fees in 2004 is approximately \$72,500.

Other Fire suppression service fees are received from Saskatchewan Government Insurance for motor vehicle accidents and fires (2004 estimate of \$20,300), and payments from the Municipal Rescue Services Fund (2004 estimate of \$10,100) administered by SUMA. The purpose of the Municipal Rescue Services Fund is to more fully compensate municipal fire and rescue units for performing emergency services at vehicle accidents outside of their jurisdiction.

Other Revenues

Operating Revenue Summary (\$000's)

Revenue Source	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Electrical Distribution	19,900.0	20,745.5	20,800.0	900.0	4.5
Gas Distribution	7,850.0	9,612.6	8,600.0	750.0	9.6
Interest	3,750.0	5,594.7	3,364.8	(385.2)	(10.3)
Tax Penalties	1,469.0	1,481.9	1,450.0	(19.0)	(1.3)
Interfund Transfers					
Utility Surplus Transfer	5,926.5	5,926.5	6,797.6	871.1	14.7
Utility Administration	2,337.3	2,337.3	2,465.4	128.1	5.5
Pension and Benefits Administration	217.7	249.4	242.3	24.6	11.3
Buffalo Pound Administration Board	24.0	24.0	24.0	-	-
Transfer from Reserve					
General Fund Reserve	3,423.7	-	2,790.8	(632.9)	(18.5)
Grants Reserve	-	51.6	-	-	-
Total	44,898.2	46,023.5	46,534.9	1,636.7	3.6

Electrical Distribution Revenue

The City receives from SaskPower a 10% municipal surcharge that is added to a customer's bill, and 5% of the SaskPower revenues within the city limits (called a payment in lieu of taxes).

The projected revenue for 2004 is \$20,800,000, an increase of \$900,000 or 4.5% over the 2003 budget. Assumptions used to generate the 2004 revenue budget are:

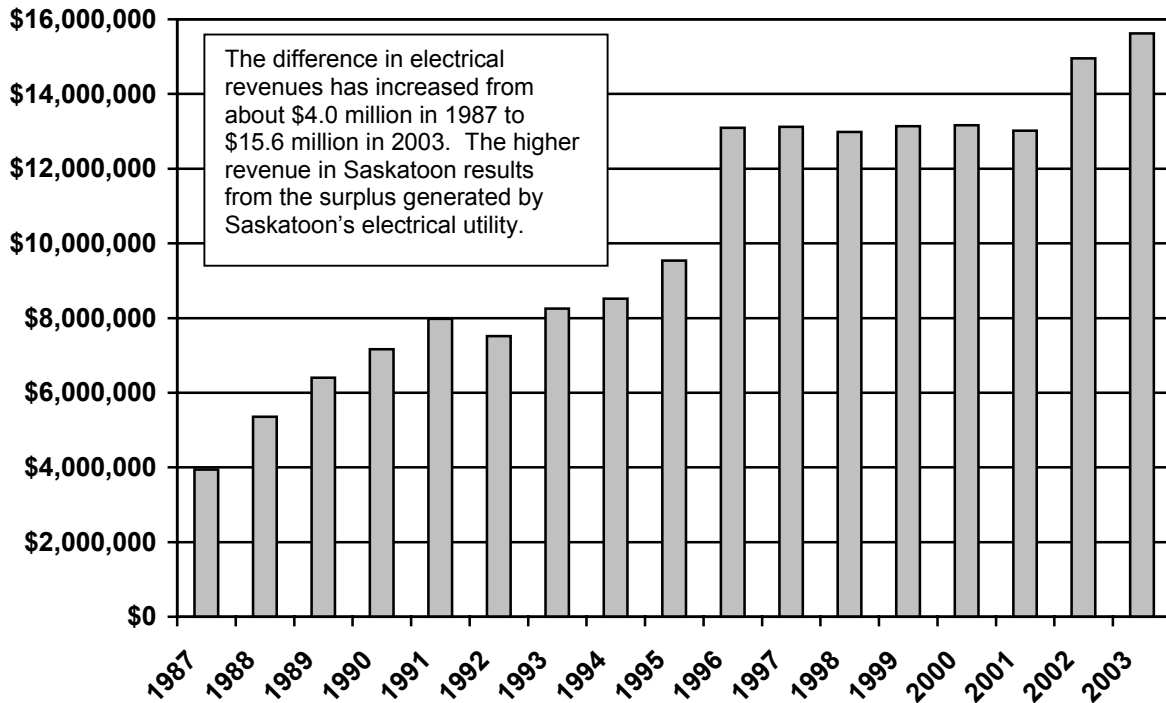
- The projected 2004 revenue is based on 2003 rates. There has been no announcement by SaskPower as to whether rate changes will be considered for 2004.
- The increased revenue budget for 2004 is based on the actual revenues received in 2003. Electrical revenues in 2003 were higher than the prior two years. Electrical consumption will vary from year to year. It is not possible to determine if the increase in 2003 is a trend in increased consumption, or related to consumption fluctuations due to the weather.

The following table details the electrical revenue (budget and actual) since 1999.

Electrical Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	17,600.0	18,143.0	18,900.0	18,900.0	19,900.0
Actual Revenue	17,441.8	18,065.1	18,870.0	19,986.9	20,745.5
Budget Variance	(158.2)	(77.9)	(30.0)	1,086.9	845.5

Electrical revenue is a major difference in the revenue available to Regina and Saskatoon. The next graph highlights the **difference** in electrical revenues in the two cities since 1987.

Difference in Electrical Revenues – Regina and Saskatoon



Natural Gas Distribution Revenue

The City receives revenues from SaskEnergy and its subsidiary TransGas on the consumption of natural gas. For SaskEnergy, there is a 5% surcharge (payment in lieu of taxes) that is added to a customer's bill. For customers who do not purchase natural gas from SaskEnergy, but purchase from another supplier, TransGas delivers the natural gas and bills for the transportation cost. TransGas also collects a 5% payment in lieu of tax that is paid to the City. The amount is calculated on the costs of transportation, plus a deemed cost of gas calculated in accordance with regulations. In calculating the deemed cost of gas, the average cost of gas price as determined by Saskatchewan Industry and Resources is used.

The payments from TransGas payments with respect to the consumption by Consumers' Co-operative Refineries Limited (CCRL) and Newgrade Energy Inc. (NEI) are subject to an agreement dated October 3, 2000. The agreement was linked to the expansion of the refinery. Prior to the agreement taking effect, the payments from CCRL and NEI for direct purchases of natural gas was calculated on the total amount of natural gas purchased. The companies use natural gas for fuel (fuel stock) and in the production process (feedstock). The agreement provides that once the expansion is operational, natural gas used as feedstock will be eliminated from the calculation of the amount paid to the City, subject to a base amount. The payment to the City will be the greater of an average annual amount of \$1,162,050 or the amount due on natural gas used as fuel.

The following table provides the components of the projected revenue for 2004 in comparison to the budgeted and actual amounts for the two prior years.

Natural Gas Revenues (\$000's)

	2002		2003		2004 Budget
	Budget	Actual	Budget	Actual	
SaskEnergy Payments	4,150.0	5,173.8	5,600.0	5,347.3	5,800.0
TransGas Payments	2,350.0	2,700.4	2,250.0	4,265.3	2,800.0
Totals	6,500.0	7,874.2	7,850.0	9,612.6	8,600.0

The projected revenue for 2004 is \$8,600,000, and increase of \$750,000 or 9.6% over the 2003 budget. Assumptions used to generate the 2004 revenue budget are:

- The projected 2004 revenue from SaskEnergy is based on 2003 rates and the 2003 consumption pattern. There has been no announcement by SaskEnergy as to whether rate changes will be considered for 2004. SaskEnergy increased rates effective May 1, 2003. The rate increase is applicable for the full year in 2004 and accounts for the projected increase in the revenue received through SaskEnergy.
- The TransGas payment with respect to the consumption of natural gas by Consumers' Co-operative Refineries Limited and Newgrade Energy Inc. are based on the terms of the agreement, projected natural gas volumes provided by the two companies, and the average deemed cost of gas for 2003. Changes in the volume of fuel stock and/or the deemed cost of gas will affect the actual revenue received, subject to the base amount in the agreement.

In 2003, revenues received for gas was significantly higher than the budget. The 2003 budget was developed based on an assumption that the agreement with CCRL and NEI would apply effective April 1, 2003. Due to delays in the start-up of the expansion, the effective date was September 1, 2003. In addition, "fuel stock" consumption once the agreement became effective resulted in gas revenues in excess of the base amount in the agreement.

The following table details the gas revenue (budget and actual) since 1999.

Gas Revenue (\$000's)	1999	2000	2001	2002	2003
Budgeted Revenue	4,000.0	5,176.0	8,400.0	6,500.0	7,850.0
Actual Revenue	4,964.4	6,669.7	8,513.2	7,878.2	9,612.6
Budget Variance	964.4	1,493.7	113.2	1,378.2	1,762.6

Since 1999, there have been substantial variances between the revenue budget and actual revenue. The variances are for the most part related to the payments for direct purchase customers. Variability in consumption and the deemed cost of gas are the major factors.

The next table details the deemed cost of gas since 2000 used in the calculation of the payments in lieu of taxes for direct purchase customers. In addition to the deemed cost of gas, there is an amount added to the deemed cost pursuant to regulations. The amount is current 14.7 cents per GJ.

Deemed Cost of Gas (per GJ)

<u>Month</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
January	\$ 2.756	\$ 7.849	\$ 3.181	\$ 5.155
February	2.779	11.313	3.324	6.094
March	2.782	9.057	2.798	6.946
April	3.056	7.127	3.110	8.544
May	3.332	6.775	3.850	6.204
June	3.624	6.313	3.901	6.133
July	4.389	4.775	3.573	6.197
August	4.630	3.717	3.014	5.751
September	4.222	3.200	2.660	5.343
October	4.834	2.679	3.372	5.408
November	5.759	2.283	3.973	4.893
December	6.091	3.171	4.850	4.732

Interest

Interest earnings are a combination of earnings on short-term investments in a money market fund, and revenue from funds held in a long-term bond fund. The projected interest revenue is subject to change due to changes in cash balances and/or interest rates.

The 2004 budget for interest earnings is \$3,364,800, a decrease of \$385,200 from the 2003 budget. The actual interest earnings in 2003 were \$5,594,700. The decrease in projected interest in 2004 is due to reduced cash flows and lower interest rates. Cash balances were higher than normal in 2003 due to a debenture issue in November 2002. Throughout 2003 and into 2004, the funding from the debenture issue was spent on utility capital projects. As a result, cash balances will be less in 2004 than in 2003.

The following table details the interest revenue (budget and actual) since 1999.

<u>Interest Revenue (\$000's)</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Budgeted Revenue	3,362.9	3,792.8	3,510.1	2,925.0	3,750.0
Actual Revenue	4,331.2	3,856.4	3,486.6	5,728.6	5,594.7
Budget Variance	968.3	63.6	(23.5)	2,803.6	1,844.7

The interest revenue in 2002 includes a one-time gain on the sale of bonds that resulted when the City's bond portfolio was sold and the funds were re-invested in a long-term bond fund. Until 2001, the City also received interest-related revenue from the transfer of the Sinking Fund Surplus. The amount of the transfer was about \$1.1 million in 2001, with no transfer in 2002 and subsequent years.

Tax Penalties

Tax penalties are applicable to current taxes that are not paid by June 30 each year and tax arrears. The exception for current taxes is where a property owner is paying taxes through the TIPPS program. The penalty rate for current taxes is 1.25% per month, with a rate of 1.5% per month for tax arrears.

The 2004 budget for tax penalties is \$1,450,000, about the same as the 2003 budget. Penalties for current taxes have decreased each year as more customers (both residential and non-residential) make use of the monthly tax payment program (TIPPS), and the decline in tax arrears. The following table details the

tax penalty revenue (budget and actual) since 1999, along with information on the tax arrears at the end of each year.

Tax Information (\$000's)	1999	2000	2001	2002	2003
Tax Penalty Revenue:					
Budgeted Revenue	1,885.4	1,885.4	1,690.0	1,577.0	1,469.0
Actual Revenue	2,013.0	1,655.7	1,566.6	1,445.0	1,481.9
Budget Variance	127.6	(229.7)	(123.4)	(132.0)	12.9
Tax Arrears Information:					
Tax Arrears - End of Year	10,102.1	7,847.2	8,247.2	7,498.1	7,600.9
Tax Arrears as a % of Total Levy	5.1%	4.0%	3.9%	3.5%	3.5%
Properties with Outstanding Balance (#)	1,988	2,245	2,303	2,168	2,101
Properties with Tax Liens (#)	616	530	521	633	550
Tax Liens Registered in the Year (#)	553	583	709	610	502

Water and Sewer Utility Transfers

Transfers from the Water and Sewer Utility include:

- A Utility Surplus Transfer; and,
- A Utility Administration Charge.

The **Utility Surplus Transfer** is calculated based on 7.5% of the budget for billed utility revenues for the prior year. In addition, an amount equal to the Canada – Saskatchewan Infrastructure Program grants received by the Utility is transferred to the General Operating Budget. Also, based on direction from the Executive Committee of City Council, the 2004 transfer includes the full benefit to the Utility (estimated to be \$675,400) of the additional GST rebate.

The rate used to calculate the Utility Surplus Transfer in 1990 was 2.5%. The rate was revised to 7.5% starting in 1991. In 2002, City Council considered Report IR02-14 with respect to the Utility Surplus Transfer and did not change the transfer policy. The increased Utility Surplus Transfer linked to the grants received by the Water and Sewer Utility started in 2001 and is projected to continue until 2005 when the current infrastructure program ends.

The **Utility Administration Charge** is calculated as 5% of the budgeted utility expenditures for the prior year. Many corporate functions (City Council, Committees, City Manager, Human Resources, City Solicitor's Office, City Clerk's Office, Accounting, Budgeting, and Acquisitions) are involved in issues or activity related to the Water and Sewer Utility. The percentage transfer is used in lieu of a more detailed cost allocation process. A more detailed process would still involve arbitrary decisions, and would significantly increase the effort and hence cost required as compared to the current policy. The amount of the charge is intended to be an approximate measure of the extent that these corporate costs are attributable to the utility. The Utility Administration Charge does not increase or decrease total administrative costs, it is used solely to allocate costs between the General Operating Budget and the Water and Sewer Utility Budget.

For 2004, the utility transfers are \$9,263,000, an increase of \$999,200 over the transfers in 2003. The next table provides details on the utility transfers since 1999.

Water & Sewer Utility Transfers (\$000's)	1999	2000	2001	2002	2003
Utility Surplus Transfer:					
Base Utility Transfer	3,059.4	3,179.6	3,246.9	3,264.7	3,426.5
Transfer - Infrastructure Grants	-	-	1,900.0	2,500.0	2,500.0
Total Utility Surplus Transfer	3,059.4	3,179.6	5,146.9	5,764.7	5,926.5
Utility Administration Charge Transfer	4,331.2	3,856.4	3,486.6	5,728.6	5,594.7
Total Transfers	7,390.6	7,036.0	8,633.5	11,493.3	11,521.2

Transfers From Reserves

The transfer from the General Fund Reserve is \$2,790,800 as compared to \$3,423,700 in 2003. The transfer in 2004 includes \$1,072,500 for the costs of the 2005 Reassessment including costs for the implementation of a new tax and assessment system to support the reassessment.

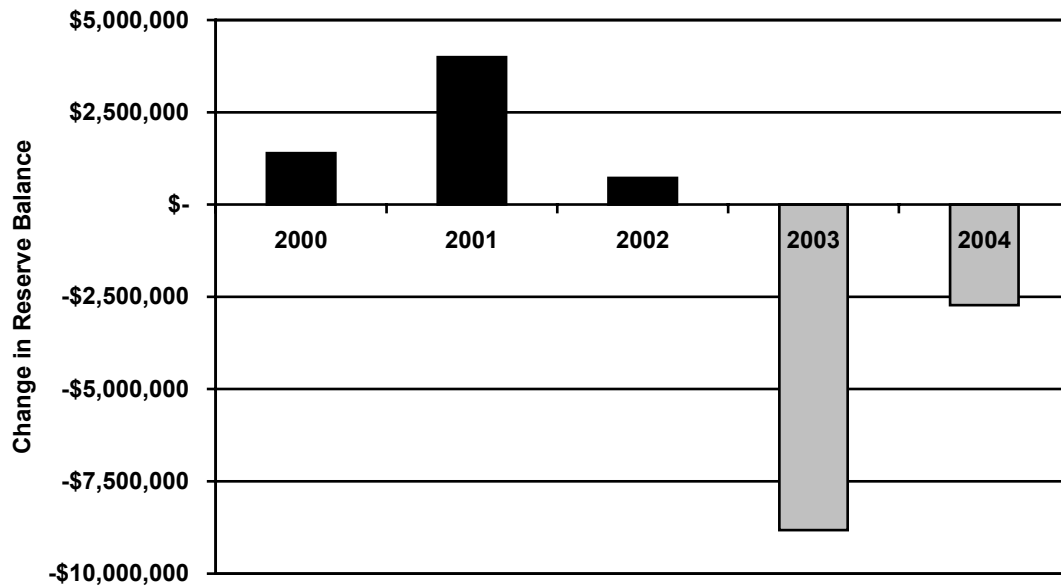
The General Fund Reserve is the primary general-purpose reserve maintained by the City. The major sources of transfers to the reserve are the operating surplus, the net revenue of the Real Estate operations (primarily revenue from the sale of land), and unexpended capital funds that are returned to the reserve. The following table provides a projection for the General Fund Reserve.

	General Fund Reserve (\$000's)					
	2003	2004	2005	2006	2007	2008
Reserve Balance - Start of Year	19,863	11,044	8,113	7,913	7,663	7,963
Projected Contributions⁽¹⁾	3,608	300	300	300	300	300
Uses of Reserve Funds:						
General Operating Budget	-	(1,718)	-	-	-	-
2005 Reassessment	-	(1,073)	(500)	-	-	-
Civic Election	-	-	-	(150)	-	-
Economic Development Quality of Life	(627)	-	-	-	-	-
Grey Cup - Taylor Field	(126)					
General Capital Program	(4,133)	(440)	-	(400)	-	-
Other Capital Requirements	(391)	-	-	-	-	-
Wascana Lake Project	(4,150)	-	-	-	-	-
Multi-Purpose Facility Project	(3,000)	-	-	-	-	-
Reserve Balance - End of Year	11,044	8,113	7,913	7,663	7,963	8,263

Note1: The 2003 projected contribution is for land sales, the transfer of unexpended capital funds and the projected surplus for 2003.

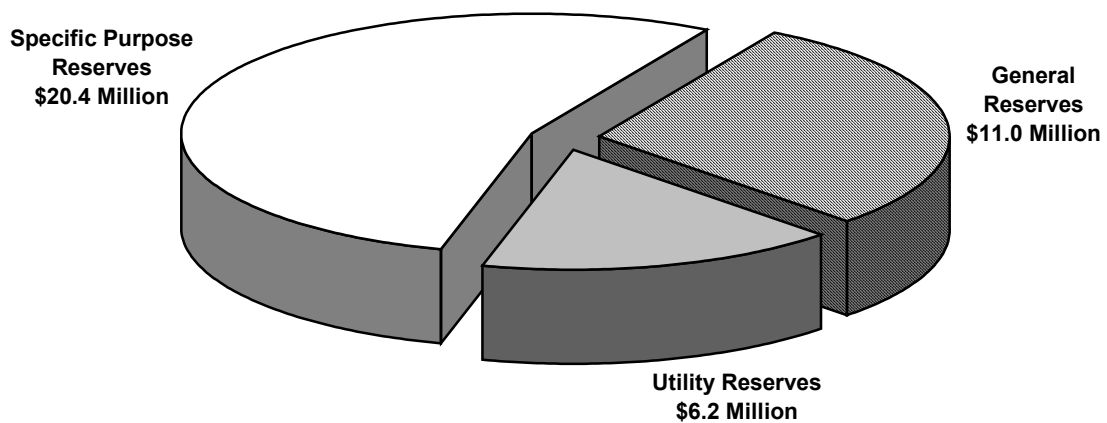
The General Fund Reserve was almost \$20.0 million by the end of 2002. **The reserve will be significantly reduced in 2003 with a projected balance by the end of 2003 of about \$11.0 million.** The following graph highlights the net change in the General Fund Reserve each year since 2000, including the projection for 2004.

Net Annual Change in General Fund Reserve



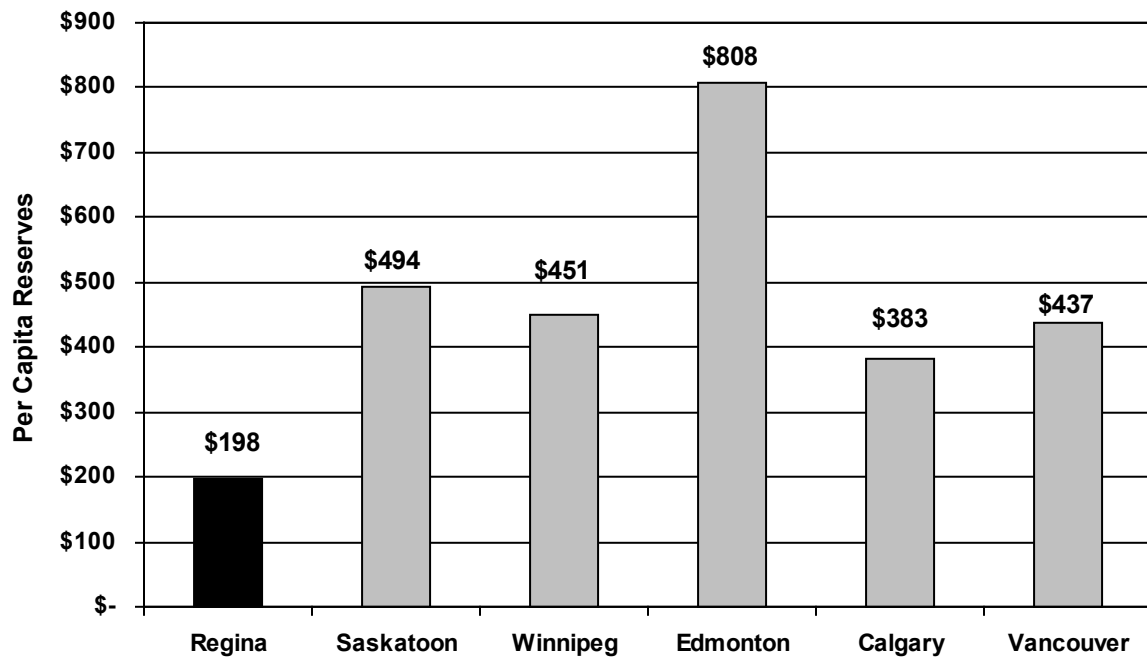
Reserves are essentially “savings accounts” with funds either dedicated for a particular purpose (equipment replacement, cemeteries and golf courses are examples) or available for any purpose as determined by City Council. **Unless reserves are replenished from future revenues they will eventually be depleted.** The projected reserves for the City at the end of 2003, excluding the Regina Public Library, Buffalo Pound Water Administration Board, and group benefit reserves total about \$37.6 million. The next graph shows the distribution of those reserves.

Distribution of Reserves – December 31, 2003



The following graph shows the per capita reserve levels for the major western cities. The graph is based on the December 2003 reserve balances for Regina. The reserve balances for the other cities are at the end of 2002.

Per Capita Reserves

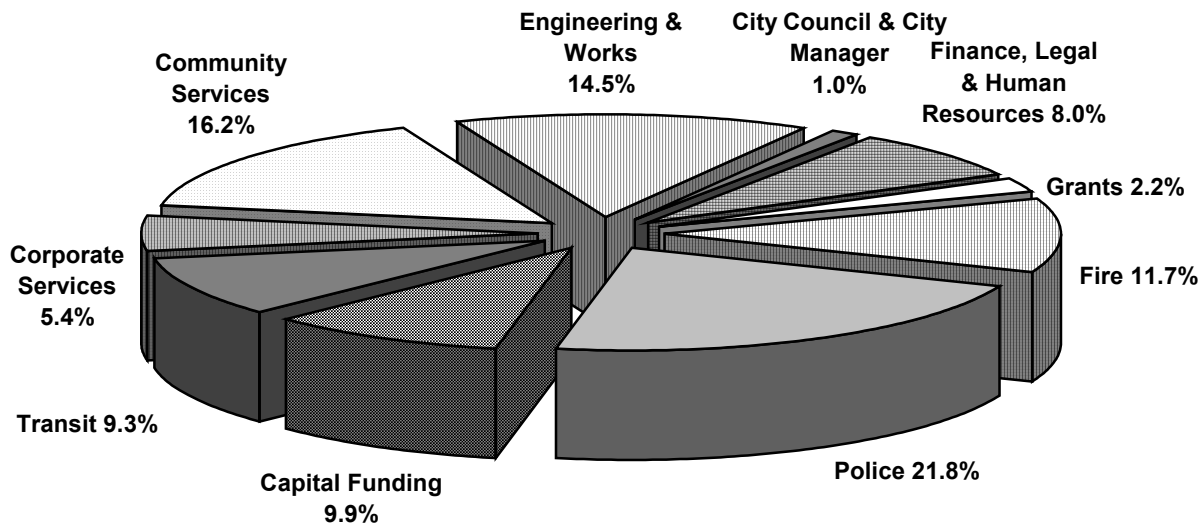


Operating Expenditure Summary

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
City Council and Committees	1,142.0	1,083.0	1,126.0	(16.0)	(1.4)
Grants	4,154.6	4,348.7	4,294.6	140.0	3.4
City Manager's Department	859.7	840.6	820.8	(38.9)	(4.5)
Human Resources Department	1,861.0	1,760.9	2,072.2	211.2	11.3
Legal Department	2,145.8	2,055.4	2,301.6	155.8	7.3
Finance Department	11,256.0	10,898.5	11,543.9	287.9	2.6
Capital Funding	19,860.0	19,675.0	19,520.0	(340.0)	(1.7)
Corporate Services Department	11,265.4	10,801.7	10,788.7	(476.7)	(4.2)
Fire Department	22,355.0	22,111.0	23,204.3	849.3	3.8
Community Services Department	31,269.7	30,972.6	32,105.6	835.9	2.7
Transit Department	18,061.0	17,552.0	18,419.3	358.3	2.0
Engineering and Works Department	25,491.4	26,012.2	28,653.2	3,161.8	12.4
Civic Subtotal	149,721.6	148,111.6	154,850.2	5,128.6	3.4
Police Department	41,058.7	41,275.1	43,190.7	2,132.0	5.2
Total General Operating	190,780.3	189,386.7	198,040.9	7,260.6	3.8

2004 General Operating Expenditure Distribution



Why Have Expenditures Increased?

The increase in expenditures for 2004 is about \$7.2 million, or an increase of 3.8%. Details of the increase are provided in the next table and the discussion that follows.

Summary of Expenditure Increases – 2003 to 2004		
Reason For Increase	Amount of Increase	Per Cent Increase
Salaries and Benefits:		
Pension Plan Contributions	2,283,900	
Other Benefit Costs	70,100	
Salary Costs	814,000	
Subtotal	\$ 3,168,000	
Expenditure Changes Offset By Revenue Changes:		
2003 Civic Election	(293,600)	
2003 Centennial	(155,000)	
Transfer to Landfill Reserve	1,085,000	
Alley Maintenance	465,600	
2005 Reassessment	112,500	
Transfer of Salvage Budget	103,400	
Inner City Housing Partnership	84,000	
Mosquito Control	187,400	
Grants - Sask Lotteries	140,000	
Subtotal	1,729,300	
Capital Funding:		
Current Contributions to Capital	(560,000)	
Debt Costs	220,000	
Subtotal	(340,000)	
Delete 2003 Specials	(412,000)	
2004 Additions and Specials	747,300	
Other Expenditure Changes:		
Paratransit Contract Costs	120,000	
Insurance Premiums	81,900	
Wascana Centre Authority	30,700	
Transfer to Landfill Reserve	733,900	
Vehicle and Equipment Costs	621,300	
Natural Gas and Electricity	(423,000)	
Computer Lease Costs	(151,200)	
Software Maintenance Costs	97,200	
GST Rebate	(699,100)	
Other Expenditure Changes	(175,700)	
Subtotal	236,000	
Increase for the Civic Administration	5,128,600	3.4%
Increase for the Regina Police Service	2,093,500	5.1%
Total Increase - 2003 to 2004	\$ 7,222,100	3.8%

Salary and Benefits

The increase in the civic portion of the budget for salaries and benefits of almost \$3.2 million is for the existing staff complement. Points to note include:

- The collective agreements for all civic unions (CUPE Local 7, CUPE Local 21, Amalgamated Transit Union, Civic Middle Management, and The International Association of Fire Fighters) expired at the end of 2003. There are salary cost increases of \$814,000 due primarily to merit increases provided for in existing collective agreements and classification changes.
- There is a significant cost increase for 2004 (almost \$2.3 million) for increased employer contributions to the Civic Pension Plan. Contributions for both employees and employers increased by 3.65% effective January 1, 2004. The increase was required pursuant to an actuarial valuation. The Civic Pension Plan had a shortfall due to investment returns being lower than the required rate of return, actual experience compared to assumptions, and a required strengthening of other actuarial assumptions.

Of the total increase proposed by the Board of Police Commissioners, about \$2.1 million is for salary and benefit costs. Points to note include:

- The cost of salaries for the Police has increased by almost \$1.4 million. The salary costs are based on the current collective agreement that provided for an increase of 2% effective January 1, 2004. The collective agreement with the Police Association expires June 30, 2004.
- There is a significant cost increase for 2004 (about \$600,000) for increased employer contributions to the Police Pension Plan. Contributions for both employees and employers increased by 2% effective January 1, 2004.

The contracts for the Police and Fire unions have been resolved through negotiation or arbitration. The next two tables compare the salary increases since 1991 for Fire and Police in comparison to the average settlement for civic unions.

Comparison of Fire and Civic Increases

Type of Settlement	Total Increase for Civic Unions	Total Increase for Fire Union	Fire Increase as a Factor of Others
Years When Fire Arbitrated - 10 of 13 Years	18.5%	22.5%	1.22 times
Years When Fire Negotiated - 6 of 20 Years	5.7%	6.0%	1.06 times

Type of Settlement	Total Increase for Civic Unions	Total Increase for Police Union	Police Increase as a Factor of Others
Years When Police Arbitrated - 8 out of 13 years	9.3%	14.5%	1.38 times
Years When Police Negotiated - 5 of 13 Years	14.8%	14.7%	.99 times

While arbitration is intended to replicate the settlement that would otherwise have been achieved through negotiations, for both Police and Fire, the awards through arbitration have been substantially higher than the negotiated settlements with civic unions.

Additions and Specials

The specials and additions for 2004 total \$747,300, excluding expenditures for the Mosquito Control program (\$187,400), and the Inner City Housing Partnership (\$84,000) funded by Federal and Provincial grants. Initial proposals had included expenditures such as the reinstatement of the \$1.0 million for winter road maintenance and increases in Transit to provide service in areas that currently do not meet service policies

The proposed additions and specials for 2004 include:

- Funding for five additional positions in the Fire Department. The positions are a Deputy Chief position (\$72,700 for salaries and benefits for a portion of the year) and four firefighters (\$115,600 for salaries, benefits and other costs for a portion of the year). The firefighter positions are required to reduce the time that equipment has to be taken out of service due to a shortage of staff.
- Funding for two additional solicitor positions (\$50,000 net cost of salary and benefits for a portion of the year) and a legal assistant position (funding of \$17,000 for salary and benefits for a portion of the year). The cost of one solicitor position is offset in part (\$40,000) through funding from the Police Department. The additional staffing is required to provide support to the Police Department and to meet the workload of the Department. Workload has increased significantly due to adoption of *The Cities Act*, and increased court activity.
- The budget includes \$25,000 for costs for the Administrative Review Body. The City is required by *The Cities Act* to appoint an Administrative Review Body.
- Funding of \$10,000 for the net salary and benefit cost for a portion of the year for a new position in the Human Resource Department. The position is partially funded (\$30,000) by the Police Department. The position will provide support to both the Police Department and the Civic Administration.
- Funding of \$40,000 for an update to the air photo of the city used in conjunction with the GIS mapping system. The air photo map is an important tool used on a daily basis by many departments. Important uses include the review of zoning applications, transportation planning and development, and assessment administration. The last update to the air photos was four years ago and the information is out of date due to new development. Maps that incorporate the air photos have become the primary method of communicating map related information to the public, Committees and Council.
- The budget for Community Services includes \$255,100 for a variety of specials and additions. The cost of additions and specials related to the golf courses is offset in part by a reduction of \$18,500 in the transfer to the Golf Course Reserve. The list includes:
 - \$10,000 for the first year of the anti-vandalism campaign. The project is for three years.
 - \$15,000 for the cost for a portion of the year for a supervisor in the weightroom at the Lawson.
 - \$22,000 for increased funding for casual staffing to maintain athletic surfaces.
 - \$17,800 for increased funding for casual staffing to playground maintenance to comply with new national standards.
 - \$20,000 for the cost of a monitor at the Lakeview Golf Course.
 - \$17,800 for the cost of a new Golf Course Superintendent position. The cost of the position was offset by other reductions in the budget. The cost will be split between the golf course operations and open space management.
 - \$10,000 for public education on pest management.
 - \$17,200 for funding of new open space turned over to the City to maintain, and \$5,800 in added streetscape funding due to new open space.
 - \$30,000 additional funding for irrigation repairs.
 - \$10,000 in one-time funding for rental of a trailer for an office space and washroom facility at the nursery.

- \$13,500 in one-time funding for a data input clerk to enter and convert urban planning data for a new system.
- \$84,600 for funding of a staff person seconded to the 2005 Canada Summer Games.
- The budget for Engineering and Works includes \$161,900 for a variety of specials and additions. The list includes:
 - \$50,000 for the first year of a three-year Infrastructure Information Integration Project. There is also funding provided in the Water and Sewer Utility budget.
 - \$25,000 in one-time funding for equipment and training to maintain the fibre optic communication system.
 - \$5,000 to fund waste collection calendars for the 2004 – 2006 period.
 - \$26,700 for the cost for a portion of the year for a Traffic Signal Technician and Signal Electrician required to the new traffic signal system, along with requirements related to red light cameras and the traffic signal pre-emption equipment used by the Fire Department.
 - \$25,000 for the street sweeping program to fund the increased costs related to the signage contract.
 - \$18,200 for the Roadways Operations to allow for an additional shift to be added during the construction season to meet inspection requirements.
 - \$12,000 in one-time funding to replace the ignition oven used in the testing lab.

Other Expenditure Changes

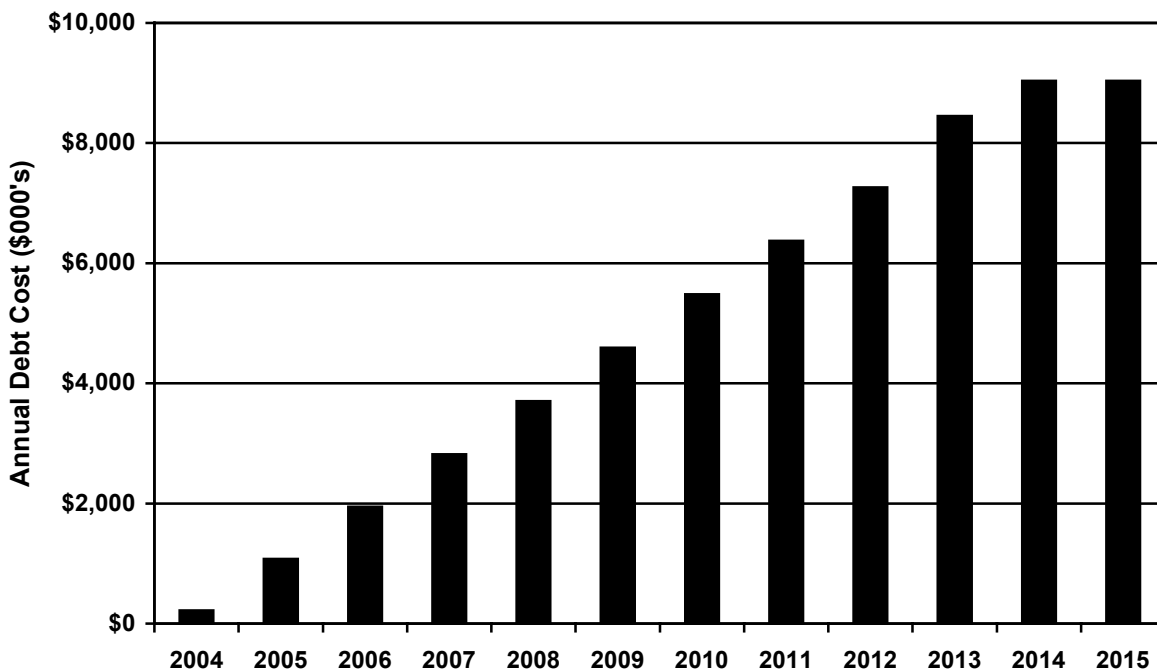
Other expenditure changes for 2004 include:

- The 2003 budget included costs of \$293,600 for the 2003 Civic Election and \$155,000 for the 2003 Centennial Celebration. Those costs have been eliminated from the 2004 budget.
- The 2004 budget includes \$1,072,500 for the 2005 Reassessment. The budget is an increase of \$112,500 over that provided in the 2003 budget. City Council approved the implementation of a new assessment and tax system for 2005. The total budget for the new system, including system implementation and other reassessment costs is estimated at \$4.0 million. A portion of the cost (\$2.2 million) is funded through the General Operating Budget, with the balance (\$1.8 million) funded through the General Capital Program. The 2004 budget includes funding for the new system and funding for customer service and communication costs related to the 2005 Reassessment. The cost in the General Operating Budget is offset by a withdrawal from the General Fund Reserve.
- There is an increase of \$1,818,900 in the transfer to the Landfill Reserve. A portion of the increase (\$1,085,000) is offset by increased revenue from landfill fees. In 2003, the accounting for landfill capital costs changed. All landfill capital costs are now funded from the Landfill Reserve. The transfer to the Landfill Reserve each year is the amount by which the actual landfill and waste minimization revenue, plus the landfill fees that would apply to residential waste if a fee was charged, exceeds landfill and waste minimization costs. The concept of the transfer is that the residential waste program is contributing to future capital costs on an equal basis with other waste generators.
- The budget for the contribution to Wascana Centre Authority is increased by \$30,700. The City's contribution is based on the "status quo" budget option developed by the Wascana Centre Authority. The enhanced budget option being considered by the Wascana Centre Authority would require an additional \$139,300 beyond the amount currently in the 2004 budget. Pending the release of the Provincial Budget, it is not known which budget option Wascana Centre Authority will adopt.
- The budget for Alley Maintenance has increased by \$465,600. The increased cost is in part funded from the increase in special tax rates in 2004 (\$215,600), with the balance (\$250,000) funded by special taxes and levies collected in prior years that were not expended. The increased expenditures using

prior revenues is projected to continue for two years until the revenue deferred from prior years is fully expended.

- The reduction in current contributions to capital of \$560,000 is the result of the adjustment in capital funding due to the GST rebate. Prior to the adjustment, the current contributions to capital were \$19,860,000, the same as in 2003. With the adjustment, current contributions to capital are \$19,300,000.
- The 2004 budget includes \$220,000 in debt costs. The cost includes the interest cost for a portion of the year on the \$7 million debt issue proposed in the 2004 Capital Program, along with the projected debt issue costs. The 2004 – 2008 General Capital Program proposes debt funding of \$7 million per year. The following graph shows the increase in debt costs that will occur for the next several years. The cost will increase by about \$850,000 per year until the annual cost is about \$9.0 million in 2014.

Projected Annual Debt Cost - \$7 Million Annual Debt Issue



What is not in the 2004 Budget?

Additional points to note with respect to the 2004 budget include:

- During consideration of the 2003 budget, City Council added \$170,000 to fund the purchase of Green Power Electricity. While the initiative was pursued with SaskPower, details on the potential acquisition of electricity through the program were not completed until early 2004. Pending decisions on the 2004 budget, the City did not enter into a contract with SaskPower. **The 2004 budget does not include funding for the purchase of electricity through the Green Power program.**
- The City is faced with a substantial annual infrastructure deficit, projected to be about \$32 million per year. The 2004 General Operating Budget and the 2004 – 2008 General Capital Program reflect the following funding plan:

- Current contributions to capital do not increase over the period from 2004 – 2008. In 2006, current contributions to capital are to decrease by \$2.5 million per year as a result of an end to the added utility surplus transfer for the infrastructure funding to the utilities. This reduction is offset by projected infrastructure grants of \$3.0 million per year.
- Funding for the 2004 – 2008 General Capital Program includes \$7.0 million per year in debt funding.

While the use of debt funding in the 2004 – 2008 General Capital Program provides increased funding over that which could be provided through current contributions alone, the level of funding does not materially change the infrastructure deficit faced by the City. With or without new funding from senior governments, the City will be faced with the need to provide increased capital funding through the General Operating Budget if the infrastructure deficit is to be addressed in the medium and longer term.

- In 2002, City Council reduced the budget for winter road maintenance by \$1.0 million. City Council also chose to sustain the reduction in the 2003 budget. Costs for the winter road maintenance program are dependent on the weather. Costs will vary significantly based on the amount of snowfall, the time period over which the snow falls, and the frequency and timing of storms. The following table is a summary of the budgeted and actual costs for winter road maintenance since 1996.

Winter Road Maintenance Summary (\$000's)

Year	Budget	Actual	Difference	Adjusted Amounts ⁽¹⁾		
				Budget	Actual	Difference
1996	2,797.2	4,833.5	2,036.3	3,276.1	5,661.0	2,384.9
1997	3,308.6	3,887.3	578.7	3,799.1	4,463.6	664.5
1998	3,319.5	2,739.7	(579.8)	3,736.9	3,084.2	(652.7)
1999	3,325.4	3,160.5	(164.9)	3,706.4	3,522.6	(183.8)
2000	3,347.6	3,602.0	254.4	3,658.0	3,936.0	278.0
2001	3,246.0	3,246.0	-	3,443.7	3,443.7	-
2002	1,911.8	1,433.4	(478.4)	1,969.2	1,476.4	(492.8)
2003	2,091.1	2,075.1	(16.0)	2,091.1	2,075.1	(16.0)
Average	2,918.4	3,122.2	203.8	3,210.1	3,457.8	247.8

Note 1: The adjusted budget and actual amounts are adjusted based on the negotiated increases for CUPE Local 21 since 1997. The adjustment is intended to adjust historical costs to a current cost basis.

The 2004 budget of \$2,284,400 continues to reflect the reduction initially adopted in 2002. As shown in the above table, winter road maintenance costs in 2002 and 2003 were substantially lower than prior years. Over the period of time, standards have essentially been unchanged. The differences in cost are largely the result of differences in weather. For the first two months of 2004, winter road maintenance expenditures totalled about \$1.6 million, slightly more than 70% of the total budget for the year. At the end of 2003 there was the Winter Road Maintenance Reserve had a balance of \$3,451,500. The reserve likely has sufficient funds to deal with any shortfall that would be experienced in 2004. However, based on the historical cost pattern it is unlikely that the 2004 budget will sustain current service policies in the longer term.

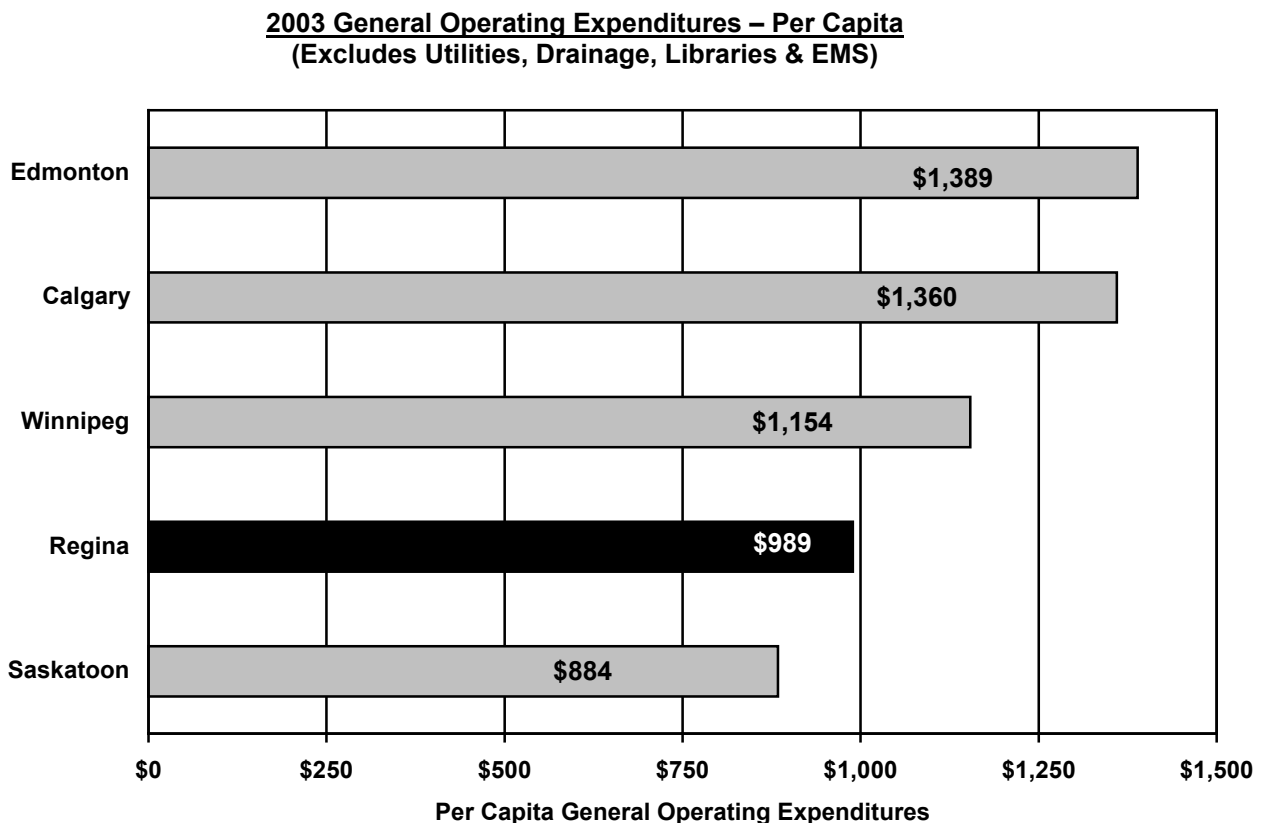
- **City Council (Report CR03-233) chose not to increase the grant allocation for 2004.** City Council policy calls for the grant allocation to increase each year based on the increase in the budget for operating expenditures in the prior year's budget. In 2003, operating expenditures increased 5.9%

over 2002. Applying the grant policy for 2004 would have resulted in an increase in the grant allocation of \$245,100. City Council has chosen to apply the policy in some years and in other years, either providing for a greater increase, no increase or a lesser increase. While the policy formula is not being applied to the grant allocation for 2004, in total, since 1991, grant allocations have increased by over 34%, while the policy would have provided for an increase of about 28%.

- The current service policy for Transit is a walk distance of a maximum 360 meters to a bus stop for 90% of residents. The 2004 budget for Transit does meet the policy in certain areas of the city, including Woodland Grove, Windsor Park and Wascana View.

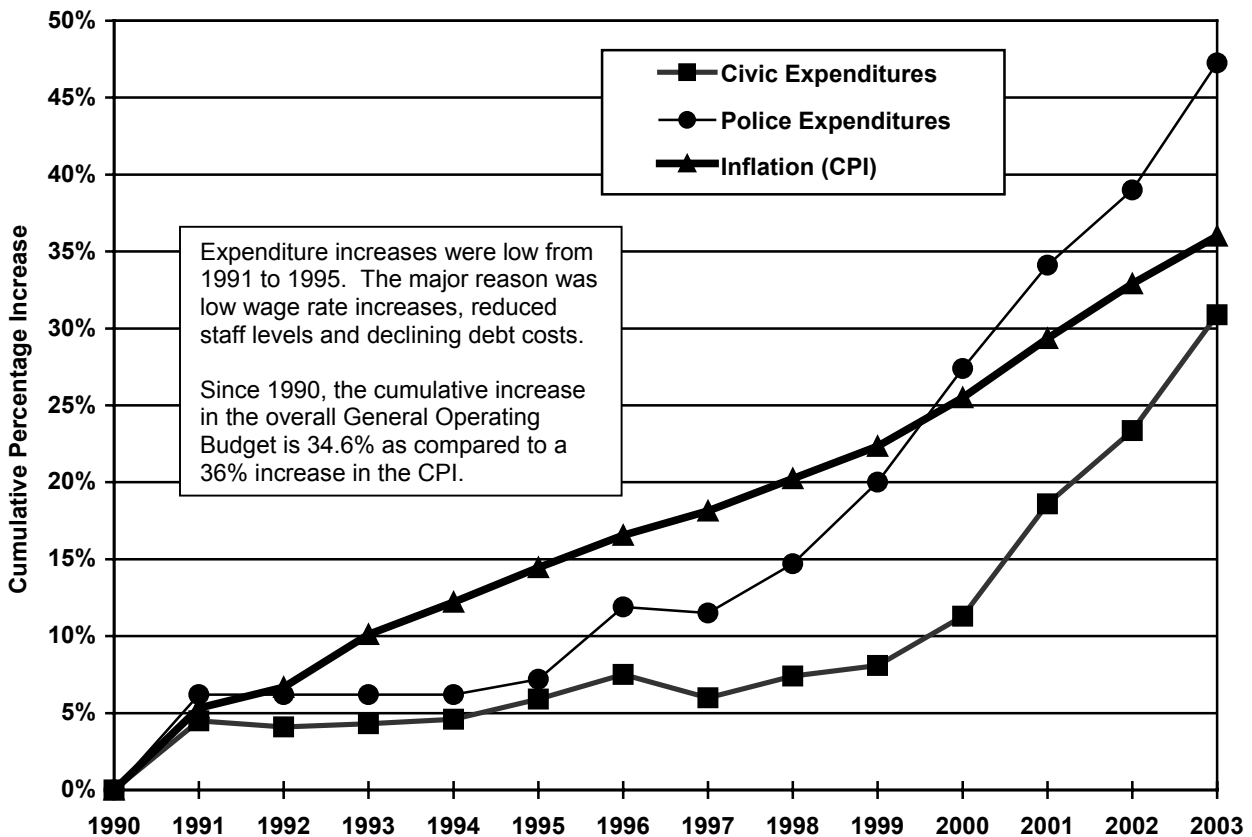
Trends and Comparisons

Each year the Administration reviews the operating and capital budgets for Calgary, Edmonton, Saskatoon and Winnipeg and develops a comparison to Regina. As part of the analysis, adjustments are made to the budgets for each city to adjust for differences in services and accounting. The next graph compares the per capita operating expenditures for 2003 for Calgary, Edmonton, Winnipeg, Saskatoon and Regina.



The next graph compares the increase in expenditures since 1990. The graph shows the increase in total civic expenditures, total police expenditures and the rate of inflation.

Growth in Operating Expenditures – 1991 to 2004



The increase in expenditures reflects two distinctly different periods. From 1991 to 1995 the growth in expenditures was relatively low. Since 1996, the growth in expenditures has been more significant. As shown in the graph, the increase in Police expenditures since 1990 is 47.3%. The increase in civic expenditures is 30.9%.

Salaries and benefits account for over 60% of the total operating expenditures. A major reason for the difference in the growth of expenditures in the early 1990's as compared to the last half of the 1990's is wage rates and staffing levels.

Staff Complement

The organization structure of the City of Regina involves two separate but related groups. These are the Civic Administration reporting to the City Manager and the Regina Police Service reporting to the Chief of Police.

The next table provides a summary of the staff complement in 2003 and 2004 for the General Operating Budget. The staff complement in the table does not include positions funded through the Water and Sewer Utility Budget, the Costing Fund Budget or the General Capital Budget.

General Operating Budget Staff Complement (FTE's)

Department	2003 ⁽¹⁾			2004			Change
	Permanent	Casual	Total	Permanent	Casual	Total	
Civic Administration							
Mayor's Office	3.0	1.0	4.0	4.0	-	4.0	-
City Manager ⁽²⁾	7.0	-	7.0	6.0	-	6.0	(1.0)
Human Resources ⁽³⁾	21.0	0.5	21.5	22.0	0.5	22.5	1.0
Legal ⁽⁴⁾	16.0	-	16.0	19.0	-	19.0	3.0
Finance ⁽⁵⁾	130.5	4.6	135.1	130.5	8.8	139.3	4.2
Transit ⁽⁶⁾	219.0	2.4	221.4	219.0	2.8	221.8	0.4
Fire ⁽⁷⁾	284.0	0.5	284.5	289.0	0.5	289.5	5.0
Community Services ⁽⁸⁾	190.5	161.0	351.5	189.5	163.8	353.3	1.8
Engineering & Works ⁽⁹⁾	181.1	50.2	231.3	183.1	56.7	239.8	8.5
Corporate Services	168.7	17.4	186.1	168.7	17.4	186.1	-
Civic Subtotal	1,220.8	237.6	1,458.4	1,230.8	250.5	1,481.3	22.9
Police Department	480.0	18.0	498.0	481.0	18.0	499.0	1.0
Total	1,700.8	255.6	1,956.4	1,711.8	268.5	1,980.3	23.9

Notes:

1. The staff complement for 2003 has been restated to reflect:
 - the establishment of the Human Resources Department,
 - the transfer of Information Systems from Finance to Corporate Services, and,
 - the transfer of the Auction and Salvage operation from the Costing Fund budget to the General Operating Budget.
2. The position deleted in the City Manager's Department is the Sask911 implementation position.
3. The position added in Human Resources is the proposed addition of a position in the 2004 Budget, with the position to be partially funded by the Regina Police Service.
4. The positions added in Legal are the two Solicitor positions and the Legal Assistant position proposed to be added in the 2004 Budget. One of the Solicitor positions is partially funded by the Regina Police Service.
5. The additional casual positions in Finance are the communications and customer service staff to support the 2005 Reassessment. The staff complement will also be required for a portion of 2005.
6. The additional casual staff in Transit is to support the added workload created by the discounted pass program.
7. The positions added in Fire are the Deputy Fire Chief and the four firefighter positions proposed to be added in the 2004 Budget.
8. The positions added and deleted in Community Services include:
 - An increase of 0.6 casual fte for new open space.
 - An increase of 0.5 casual fte for a Data Input Clerk for the entry of data into a new system.
 - An increase of 0.3 casual fte for playground maintenance.
 - An addition of 0.6 casual fte for the Athletic Fields.
 - The addition of a Golf Course Superintendant position, offset by a reduction in casual staffing (net 0.2 fte).
 - An increase of 0.6 casual fte for a Supervisor in the Lawson Weight Room.
 - The deletion of a permanent Social Development Consultant position.
9. The positions added and deleted in Engineering and Works include:
 - The addition of 7.0 fte for waste collection to reflect the staff complement required to deliver current services. This change is an adjustment to the staff complement to reflect the resources required to accommodate vacations and other employee absences.
 - The 2004 budget includes the addition of one position for waste reduction and recycling.
 - A Traffic Signal Technician position added in the 2004 budget.
 - An additional 0.5 fte is added in the 2004 Budget for inspection and testing.
 - The transfer of one position from the General Operating Budget to the Utility.

City Council and Committees

Overview

City Council is responsible for the governance of the City of Regina, subject to Provincial legislation. Members of City Council are elected every three years in a municipal election. The next election is Wednesday, October 25, 2006. The Mayor is elected at large. The City of Regina uses a ward system for electing Councillors, with the city divided into ten wards and one Councillor elected in each ward. The ward boundaries were revised December 16, 2002. City Council establishes policies and budgets for the programs and services delivered by the City of Regina. City Council and Committees includes the budgets for:

- The Mayor's Office.
- City Council, including the remuneration of the Councillors, the Councillors' travel and communication allowance, support services and other costs related to City Council.
- Committees established by City Council.
- Memberships in various organizations, including the Saskatchewan Urban Municipalities Association and the Federation of Canadian Municipalities.
- Administration Review Body established pursuant to section 362 of *The Cities Act*.
- The twinning relationship with Jinan.

Budget Highlights

- The 2004 budget for the Mayor's Office, City Council and Committees is \$1,126,000, a decrease of \$16,000 or 1.4% over the 2003 budget. Reductions in the 2004 budget include a decrease in Board of Revision honorariums and a decrease in costs for the Jinan twinning.
- The 2004 budget includes funding of \$25,000 for an Administrative Review Body pursuant to section 362 for *The Cities Act*.
- In December 2001, City Council adopted Bylaw 2001-108 that established, effective January 1, 2002, a formula for the remuneration of the members of City Council. For 2004 the Mayor's remuneration is \$84,191 based on 77.3% of a provincial cabinet minister's salary (\$108,915). The remuneration for a Councillor is \$28,064 for 2004 and is one-third the remuneration of the Mayor.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Mayor's Office	367.7	342.1	387.0	19.3	5.2
City Council	450.0	499.8	436.3	(13.7)	(3.0)
Committees	205.1	124.4	176.5	(28.6)	(13.9)
Corporate Memberships	97.2	100.3	96.3	(0.9)	(0.9)
Administrative Review Body	-	-	25.0	25.0	100.0
Jinan Twinning	22.0	16.4	4.9	(17.1)	(77.7)
Total	<u>1,142.0</u>	<u>1,083.0</u>	<u>1,126.0</u>	<u>(16.0)</u>	<u>(1.4)</u>

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent	3.0	3.0	4.0
Casual	0.5	1.0	-
Total	<u>3.5</u>	<u>4.0</u>	<u>4.0</u>

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2003 Budget	1,142.0
1. Salaries and Benefits - Remuneration increase and related benefit cost for Mayor and Councillors as per Bylaw 2001-108. The Mayor's salary is 77.3% of Provincial Cabinet Minister's salary (\$108,915 as of January 1, 2003) and the Councillor's salary is one-third of the Mayor's salary.	17.4
2. Salaries and Benefits - Includes changes resulting from merit increases, classification reviews and employer benefit costs.	12.2
3. Board of Revision - Decrease in honorariums due to expected reduction in number of assessment appeals.	(10.0)
4. Delete 2003 Specials - Includes FCM Director's Meeting (\$5.0); Inauguration Ceremony (\$13.1); and expenditures for the new Council (\$10.0).	(28.1)
5. Reduction in Jinan Twinning costs.	(17.0)
6. Administrative Review Body - The City of Regina opted into <i>The Cities Act</i> effective January 1, 2003. Section 362 of the Act requires the City to establish, by bylaw, an administrative review body.	25.0
7. Reduction due to additional GST rebate.	(9.3)
8. Other changes.	(6.2)
2004 Budget	<u><u>1,126.0</u></u>

Grants

Overview

The mandate of the grant program is to fulfill a variety of community needs. Grants are allocated through the following committees:

- The Parks and Community Services Committee provides grants to community associations and organizations. This committee provides grants to organizations providing arts, cultural, recreational, community and social services.
- The Finance and Administration Committee provides grants for economic and promotional purposes.
- The capital grant to Regina Exhibition Association Limited is considered through the Executive Committee.

While responsibility for grant allocations has been delegated to Committees, City Council determines the total grant allocation for the year, and the allocation to each Committee.

Budget Highlights

- On December 15, 2003, City Council Report CR03-233 approved a grant allocation of \$4,154,600 for 2004, the same allocation as that approved in 2003.
- There is an increase in the total grant allocation of \$140,000 for 2004, as a result of additional funding from the Saskatchewan Lotteries Community Grant program.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Parks and Community Services Committee	2,779.5	2,984.7	2,919.5	140.0	5.0
Finance & Administration Committee	975.1	964.0	975.1	-	-
Executive Committee	400.0	400.0	400.0	-	-
Total	4,154.6	4,348.7	4,294.6	140.0	3.4

City Manager's Department

Overview

The management of the civic administration of the City of Regina (excluding the Regina Police Service) is the responsibility of the City Manager. Appointed by the City Council, the City Manager's authority is established by the City Manager's Bylaw 2003-70 and Regina Administration Bylaw 2003-69.

The City Manager's Department also includes the following services:

- Program Review.
- Employee and Family Assistance Program.
- Emergency Planning.

Budget Highlights

- The 2004 budget for the City Manager's Department is \$820,800, a decrease of \$38,900 or 4.5% less than the 2003 budget. The decrease results from the transfer of the Sask911 implementation to the Regina Police Service.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
City Manager's Office	287.0	272.3	296.6	9.6	3.3
Program Review	168.7	160.0	171.7	3.0	1.8
Sask911 Implementation	60.0	57.6	-	(60.0)	(100.0)
Employee & Family Assistance Program	198.7	197.3	201.3	2.6	1.3
Emergency Planning	145.3	153.4	151.2	5.9	4.1
Total	<u>859.7</u>	<u>840.6</u>	<u>820.8</u>	<u>(38.9)</u>	<u>(4.5)</u>

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent	8.0	7.0	6.0
Casual	-	-	-
Total	<u>8.0</u>	<u>7.0</u>	<u>6.0</u>

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2003 Budget	859.7
1. Salaries and Benefits - Includes the costs of changes resulting from merit increases, classification reviews and employer benefit costs.	22.2
2. Reduction in funding for the Sask911 project due to the completion of the project in 2003.	(60.0)
3. Increase in EFAP for consulting, contracted services and education services.	4.5
4. Reduction due to additional GST rebate.	(6.3)
5. Other changes.	0.7
2004 Budget	<u>820.8</u>

Human Resources Department

Overview

Over the past year and a half, the Human Resources Department has worked on the redefinition of a mission and vision statement to guide the delivery of human resource management services within the City of Regina.

Mission: To build partnerships with management to support their efforts in effectively managing their human resources within a culture of respect and value.

Vision: At the heart of the organization – Innovative leaders, strategic partners and stewards of human resource management principles, in changing times.

The goal of the Human Resources Department is to deliver on this mission everyday, as it is the reason why the Department exists. The vision is something that the Department will realize through ongoing improvements in the service provided to clients and the manner in which the services are provided.

The Department provides human resource management services to clients through four key lines of business. These lines of business serve to clearly articulate the key functions and services provided by the Department:

- Labour Relations, Classification, Compensation and Policy
- Employment and Organizational Development
- Occupational Health, Safety and Prevention
- Human Resource Information and Systems

Budget Highlights

- The 2004 Budget for the Human Resources Department is \$2,072,200, an increase of \$211,200 or 11.3% over the 2003 budget.
- The 2004 budget includes funding for a Labour Relations Advisor to provide labour relations service to the Regina Police Service and City of Regina. This position will be partially funded by the Regina Police Service.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Human Resources	<u>1,861.0</u>	<u>1,760.9</u>	<u>2,072.2</u>	<u>211.2</u>	11.3

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent	20.0	21.0	22.0
Casual	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Total	<u>20.5</u>	<u>21.5</u>	<u>22.5</u>

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2003 Budget	1,861.0
1. Salaries and Benefits - Includes changes resulting from merit increases, classification reviews and employer benefit changes. In 2003, the organizational structure of the Department was reviewed and revised. While the staff complement was not changed, certain positions were added and deleted. The changes resulted in an increase in the overall salaries and benefits cost.	248.5
2. Delete 2003 Special - Firefighter bi-annual medicals.	(30.0)
3. Labour Relations Advisor (1.0 fte) - To provide labour relation services to the Regina Police Service and City of Regina. This position will be partially funded (\$30,000 in 2004) by the Regina Police Service.	10.0
4. Reduction due to additional GST rebate.	(11.3)
5. Other Changes.	<u>(6.0)</u>
2004 Budget	<u><u>2,072.2</u></u>

Legal Department

Overview

The City Solicitor is directed by The Regina Administration Bylaw 2003-69 to provide legal services to the Corporation and to ensure the administration of the City is in accordance with the law in all aspects of corporate governance and corporate undertakings. The services provided by the Legal Department include:

- The Legal Services Division provides all legal services required to operate the Corporation, including representation in legal proceedings.
- The Prosecutions Division prosecutes all bylaw offences in the city, except moving traffic violations, and some provincial offences, and administers the Regina Municipal Division of Provincial Court.
- The Risk Management Division is responsible for oversight of risk management for the Corporation, including investigating and adjusting all claims against the City, investigating and pursuing compensation for damage to civic property, reviewing and recommending loss prevention measures and ensuring appropriate insurance coverage is in place to protect the Corporation from financial loss.

Budget Highlights

- The 2004 budget for the Legal Department is \$2,301,600, an increase of \$155,800 or 7.3% over the 2003 budget.
- The Legal Department budget includes the addition of three positions: (two lawyers and one legal assistant) to meet the increasing demand for legal services. One lawyer position is to be partially funded (\$40,000 in 2004) by the Board of Police Commissioners.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Legal Services	1,014.0	976.4	1,080.0	66.0	6.5
Prosecutions	136.7	99.1	141.6	4.9	3.6
Claims Administration	189.0	172.1	192.0	3.0	1.6
Insurance	806.1	807.8	888.0	81.9	10.2
Total	<u>2,145.8</u>	<u>2,055.4</u>	<u>2,301.6</u>	<u>155.8</u>	<u>7.3</u>

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent	16.0	16.0	19.0
Casual	-	-	-
Total	16.0	16.0	19.0

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2003 Budget	2,145.8
1. Salaries and Benefits - Includes changes resulting from merit increases, classification reviews and employer benefit costs.	1.9
2. Insurance Premium Increase - The increase is reflective of changes in the market.	81.9
3. New Legal Assistant Position (1.0 fte) - An additional position is proposed to meet the increased demand for legal services and to ensure the most cost-effective use of resources by allowing for differentiation and delegation of legal work between the lawyers and legal assistants. Additional demand will also result from the creation of the Administrative Review Body, which will be supported administratively by staff from the Legal Department.	17.0
4. New Barrister and Solicitor Positions (2.0 fte) - Two additional positions are proposed to meet the increased demand for legal services. One position is to be partially funded (\$40,000 in 2004) by the Regina Police Service. The cost of the positions is for a portion of the year and net of the is change represents funding for part of the year and net of the funding from the Regina Police Service.	50.0
5. Law Society dues, insurance and departmental training requirements.	11.4
6. Legal Services - External Counsel for Lakeview Gardens case.	5.3
7. Reduction due to additional GST rebate.	(5.3)
8. Other Changes.	(6.4)
2004 Budget	2,301.6

Finance Department

Overview

The Finance Department is responsible for the financial administration of the City of Regina. The Director of Finance is the Chief Financial Officer for the City of Regina, with the authority, duties and responsibilities as set out in the Regina Administration Bylaw 2003-69. The Department includes the following Divisions:

- The Assessment Division is responsible for assessing all properties in accordance with *The Cities Act* and the assessment manual adopted by the Saskatchewan Assessment Management Agency.
- The Revenue Administration Division is responsible for assessment administration, along with billing property taxes by applying the appropriate tax rates (mill rate and mill rate factor) to the assessed values. The scope of the Division also includes the administration of other corporate revenues including water, wastewater and drainage charges, licenses (business, taxi, bike, dog and cat), parking tickets, local improvements and amusement tax.
- The Financial Administration Division is responsible for maintaining corporate accounting, financial reporting, processing payrolls and accounts payable, managing disbursements and certain receivables, acquisitions and providing financial administration support to several of the major operating Departments.
- The Corporate Budget Division is responsible for co-ordinating the development of and monitoring the operating and capital budgets of the City of Regina.
- The Debt and Investment Division is responsible for providing support to and managing the work of the Pension Investment Board, managing the investment of City funds, and managing the City's debt requirements. The Pension Investment Board is contracted by the administrative boards of the various pension and benefit plans to manage the investments of those plans.

The budget for the Finance Department also includes the following:

- Animal Care and Control – The Regina Humane Society enforces dog and cat bylaws pursuant to a contract with the City. The budget also includes funding for a low cost spay and neuter program.
- Provincial Payments – The Province requires the City to pay \$320,000 per year for court security, in addition to an administration fee of 25% on fines collected through the Provincial Court.
- Other Financial Charges include costs for banking services, foreign exchange, interest, credit card fees, bond rating fees, levies on City-owned property and certain benefit costs.

Budget Highlights

- The 2004 Budget for the Finance Department (excluding program and corporate costs) is \$9,913,800, an increase of \$311,200 or 3.2% over the 2003 budget.
- The 2004 budget includes \$1,072,500 for the 2005 Reassessment, an increase of \$112,500 over the 2003 budget. The costs are offset by a withdrawal from the General Fund Reserve. The budget includes funding for the implementation of a new system along with customer service and communication costs for the reassessment.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actuals	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Administration	321.2	237.4	325.7	4.5	1.4
Corporate Budget	219.4	189.7	223.8	4.4	2.0
Investment Services	203.0	195.4	212.4	9.4	4.6
Assessment	1,561.5	1,441.6	1,629.2	67.7	4.3
2005 Reassessment	960.0	583.7	1,072.5	112.5	11.7
Revenue Administration	2,418.1	2,178.1	2,429.0	10.9	0.5
Financial Administration	3,919.4	3,741.9	4,021.2	101.8	2.6
	9,602.6	8,567.8	9,913.8	311.2	3.2
Animal Care and Control	295.4	268.6	303.0	7.6	2.6
Provincial Payments	770.0	774.9	770.0	-	-
Other Financial Charges	588.0	1,287.2	557.1	(30.9)	(5.3)
Total	11,256.0	10,898.5	11,543.9	287.9	2.6

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent	129.5	130.5	130.5
Casual	6.6	4.6	8.8
Total	136.1	135.1	139.3

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2003 Budget	11,256.0
1. Salaries and Benefits - Includes changes resulting from merit increases, classification reviews and employer benefit costs.	204.3
2. Reassessment - Increase in the 2004 budget for the 2005 Reassessment. The 2004 budget represents costs for the new assessment and tax system along with the customer service delivery. The budget includes funding for term and casual positions (5.6 fte) for customer service delivery. The 2005 Reassessment cost is funded from the General Fund Reserve.	112.5
3. Increased fees for the external audit in accordance with the five year contract.	22.5
4. Animal Care and Control has increased costs for kennel and impounding services pursuant to the agreement with the Regina Humane Society.	8.5
5. Reduction due to additional GST rebate.	(49.1)
6. Other changes.	(10.8)
2004 Budget	11,543.9

Capital Funding

Overview

The City funds a portion of the General Capital Program through contributions from the operating budget. In accordance with Section 129(1) of *The Cities Act*, the budget is to include “**the amount to be transferred to the capital budget**”. In accordance with Section 129(1)(b) the budget is also to include “**the amount needed to pay all debt obligations with respect to borrowings of the city**”.

An important step in the development of the capital and operating budgets is determining the amount of current contributions to capital. Recognizing the requirement to balance the need for capital funds and the cost of current contributions to the operating budget, a fiscal target is established for each of the five years of the capital program.

Budget Highlights

- The 2004 Budget for Current Contributions to Capital is \$19,300,000, a reduction of \$560,000 or 2.8% from the 2003 budget. The reduction results from the reduced cost for capital projects due to the additional GST rebate.
- The 2004 budget includes \$220,000 for debt charges related to the proposed debt issue of \$7 million required to fund the 2004 Capital Budget. The cost is for interest for a portion of the year and debt issue costs.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Current Contributions to Capital	19,860.0	19,675.0	19,300.0	(560.0)	(2.8)
Debt Charges	-	-	220.0	220.0	-
Total	<u>19,860.0</u>	<u>19,675.0</u>	<u>19,520.0</u>	<u>(340.0)</u>	<u>(1.7)</u>

Corporate Services Department

Overview

The Corporate Services Department is primarily focused internally to provide services to other departments within the Corporation. Establishment of a departmental strategic plan including objectives for each of the Divisions is a priority for 2004. Many of the initiatives being undertaken have significant corporate implications. Those initiatives include fleet rationalization, major facilities energy management upgrade, records management system, e-Government strategy, real estate disposition and Corporate communication. Divisions include:

- Administration – The Director provides strategic direction to the six divisions to ensure the efficient and effective operation of the Department. A new initiative, e-Government, is part of Corporate Services Administration. There is a seventh Division, Pension and Benefits, funded via multi employer pension and long term disability plans.
- City Clerk's Office – *The Cities Act* outlines responsibilities for the City Clerk. Duties include ensuring Council is advised of its legislative responsibilities, ensuring the provision of public notice, the execution of corporate documents, maintaining bylaws, minutes and other records related to the business of City Council and Committees, consolidating bylaws, custody of the Corporate seal, ensuring that official City Council correspondence is carried out as directed and determining the sufficiency of petitions.

The Office also provides services in the following areas; secretarial support to City Councilors, secretarial and procedural support to City Council and assigned Committees, co-ordination of the Corporate Records Management Program, operation of the City of Regina Archives, conduct of municipal elections and processing information requests under *The Local Authority Freedom of Information and Protection on Privacy Act*.

- Facilities and Energy Management – Provides the day-to-day operation and maintenance of City-owned facilities. In addition, the division provides for the corporate energy management and air quality programs, Central Stores, Salvage, Fuel/Lube Centre and the Natural Gas Vehicle Program.
- Fleet Services – Supports the delivery of City programs and services (excluding Fire, Transit and Police) by providing fleet management and maintenance services.
- Information Systems – Coordinates the development, implementation and operation of information technology (IT) used by the City.
- Real Estate – Provides all real estate-related services to City Departments and divisions. This includes buying properties when required for City operations, selling or leasing City-owned properties, obtaining leases, performing land development functions, and managing the resale of properties taken through tax enforcement. In addition, the Division provides real estate information and services to local developers real estate agents and City residents.
- Public Affairs – Provides professional public relations and communications advice and support to City Council, the City Manager and all City Departments and divisions.

Budget Highlights

- The 2004 Budget for the Corporate Services Department is \$10,788,700, a decrease of \$476,700 or 4.2% under the 2003 budget.
- Gas and electrical costs are included in the budgets for Corporate Services and other departments. Overall, for 2004, there is a reduction of about \$343,000 in gas and electrical costs. The decrease for Corporate Services is \$86,000. The budget for Corporate Services is also reduced by \$235,000 for natural gas costs reallocated to other departments.
- Funding for an updated air photo map. The photo is used by many City Departments and provides information used in the analysis of bus routes and stops, zoning development applications, real estate and engineering planning. It is used by the public, consultants and City staff. An accurate up-to-date air photo reduces or eliminates the need for site visits.
- The 2004 budget has been reduced by the cost of the 2003 Civic Election (\$293,600) and 2003 Centennial Celebrations (\$155,000).
- In the 2003 budget, City Council approved a purchase of GreenPower for \$170,000. The 2004 budget does not include funding for GreenPower.
- Fleet Services 2004 budget has been reduced from the 2003 budget by \$145,200 due to reductions in parts, fuel and natural gas and elimination of a vacant Stock Clerk position. The cost of maintaining and repairing the fleet has been reduced significantly in recent years. While labour costs have risen, other expenditures like repair parts and outsourced repairs have decreased.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Administration	239.9	236.7	280.7	40.8	17.0
City Clerk's Office	1,348.7	1,323.8	1,068.7	(280.0)	(20.8)
Public Affairs	1,468.4	1,706.3	1,278.6	(189.8)	(12.9)
Facilities & Energy Management ⁽¹⁾	3,409.2	2,818.8	3,093.7	(315.5)	(9.3)
Information Systems ⁽²⁾	4,799.2	4,716.1	5,067.0	267.8	5.6
Total	<u>11,265.4</u>	<u>10,801.7</u>	<u>10,788.7</u>	<u>(476.7)</u>	<u>(4.2)</u>

Notes:

1. In 2003, the Asphalt and Granular section was moved to the Engineering and Works Department. The 2004 budget for the salvage section has been moved to the operating budget from the Other Funds Budget.
2. In 2004, Information Systems was transferred from the Finance Department to the Corporate Services Department.

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent	168.7	168.7	168.7
Casual	17.4	17.4	17.4
Total	186.1	186.1	186.1

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2003 Budget	11,265.4
1. Salaries and Benefits - Includes the cost of changes resulting from merit increases, classification reviews and employer benefit costs.	304.0
2. Computer Leasing - Decrease in computer leasing costs.	(26.5)
3. Delete 2003 Specials - Includes New System Training (\$8.0); City Website Contract (\$20.0); 2003 Civic Election (\$293.6); 2003 Centennial Celebrations (\$155.0); and Purchase Green Power Electricity (\$170.0).	(646.6)
4. Transfer of natural gas costs from Corporate Services Department to other departments.	(235.0)
5. Natural Gas and Electricial - Decrease based on historical actuals.	(86.1)
6. Salvage - Transfer funding to the Operating Budget from Other Funds budget.	103.4
7. Towing and Storage Costs - Increase in towing and storage rates plus increase in volume of vehicles stored and towed.	27.0
8. Vandalism Costs - Increase in costs due to increased vandalism to City-owned properties.	21.0
9. Software Maintenance Costs - Software implementations that require maintenance contracts include corporate records management; standard corporate reporting tool; an application that reduces spam e-mail; more GIS modules and licenses for Assessment.	87.4
10. Air Photo Map - The Air Photo map is used in several applications including the Real Property Finder, the Infrastructure Records Viewers and several ad-hoc mapping requests. The result of not doing the photo in 2004 is inaccurate data and departments using alternative methods to collect data (ground data collection, site visits).	40.0
11. Reduction due to additional GST rebate.	(77.1)
12. Other Changes.	11.8
2004 Budget	10,788.7

Fire Department

Overview

The Fire Department actively supports a safe living and working environment for the community of Regina and surrounding areas through planning, education, prevention and emergency response, with the services delivered by highly skilled and motivated professionals. The Fire Department's overall strategy is to focus on enhancing fire prevention and public education activities while continuing to deliver a high-quality emergency response program.

The Fire Department's strategic plan identifies four goal areas:

- Effective communication among department personnel
- Continuously improve and expand service
- Develop and enhance relationships with customers, community partners and other City Departments
- Minimize the number and severity of emergency responses

In 2000, the Fire Services Review was completed and approved by City Council. The Review evaluated Regina's structural fire response program and outlined 17 recommendations to improve the Regina Fire Department's three basic service areas; Fire and Life Safety Services; Fire and Emergency Response Services and Fire Support Services. The 17 recommendations have been prioritized for introduction in the Department's short, medium and long-term work plan.

The City of Regina annually conducts a public survey. The survey includes questions related to specific services. The results of the 2003 survey (which involved 401 respondents), along with comparisons to prior surveys are provided in the following table.

Rating of Fire Services

<u>Survey Date</u>	<u>Very Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Somewhat Dissatisfied</u>	<u>Very Dissatisfied</u>
Dec-95	66%	25%	-	-
Mar-98	43%	47%	1%	-
Jun-99	46%	42%	5%	1%
Oct-99	62%	32%	1%	-
Jun-00	59%	33%	2%	-
Jul-01	65%	30%	1%	1%
Jul-02	70%	26%	-	-
Jul-03	69%	27%	1%	-

The Department's demographics indicate an increasing number of personnel will become eligible for retirement between 2005 and 2010. The anticipated increase in staff turnover requires an increased emphasis in areas such as staff development, career path planning and succession planning. Enrollment in the Officer Training Program has been doubled to meet the anticipated future needs. This program will continue to be a high priority to ensure properly trained and competent fire officers are well prepared prior to their appointments. As well, the increased staff turn over also requires an increased emphasis in staff development to ensure that all functions of the fire service are sustained at the required levels of competence. These initiatives will add to the existing staffing demands that are required in maintaining the City's service levels for the fire service.

Budget Highlights

- The 2004 Budget for the Fire Department for 2004 is \$23,204,300, an increase of \$849,300 or 3.8% over the 2003 budget.
- There is an additional four Firefighter positions and one Deputy Chief position in the 2004 budget. The budget includes six months costs for these positions.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Suppression and Rescue	18,749.8	18,480.5	19,459.4	709.6	3.8
Fire Support Services	1,883.6	1,920.0	1,965.0	81.4	4.3
Training	456.4	433.5	484.4	28.0	6.1
Public Education	256.6	210.8	260.0	3.4	1.3
Inspection and Investigation	647.5	703.0	676.8	29.3	4.5
	21,993.9	21,747.8	22,845.6	851.7	3.9
Facility Costs ⁽¹⁾	361.1	363.2	358.7	(2.4)	(0.7)
Total	<u>22,355.0</u>	<u>22,111.0</u>	<u>23,204.3</u>	<u>849.3</u>	<u>3.8</u>

Note:

1. Facility costs are allocated from the Facilities & Energy Management Division of the Corporate Services Department.

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent	284.0	284.0	289.0
Casual	0.5	0.5	0.5
Total	<u>284.5</u>	<u>284.5</u>	<u>289.5</u>

Analysis of Operating Budget Change

Operating Budget Change Details		(\$000's)
2003 Budget		22,355.0
1.	Salaries and Benefits - Includes changes resulting from merit increases, classification reviews and employer benefit costs.	614.6
2.	Cost for the addition of four Firefighter positions (4.0 fte) and one Deputy Chief position (1.0 fte).	174.3
3.	Increase for uniform clothing and personal protective equipment for new Firefighter positions.	14.0
4.	Increased radio system operating costs.	19.9
5.	Cost to upgrade Self Contained Breathing Apparatus (SCBA) equipment to meet current National Fire Protection Agency (NFPA) standards.	37.8
6.	Facility Costs - Increase in costs allocated from Corporate Services Department for facility maintenance and operations.	4.7
7.	Reduction due to additional GST rebate.	(34.4)
8.	Other changes.	<u>18.4</u>
2004 Budget		<u><u>23,204.3</u></u>

Community Services Department

Overview

Community Services Department program and services include General Administration, Project Services and Landscape Design, Community and Leisure Services (including Community Social Development), Parks Open Space Maintenance (including Golf Courses and Cemeteries), Bylaw Enforcement, Building Inspections and Urban Planning (including Housing).

The City of Regina annually conducts a public survey. The results of the 2002 survey, along with comparisons to prior surveys are provided in the following tables.

Rating of Recreation Facilities and Program

<u>Survey</u>	<u>Very Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Very Dissatisfied</u>
Jun-03	63%	26%	1%	2%
Jul-02	51%	34%	5%	3%
Jul-01	59%	30%	7%	1%
Jun-00	50%	37%	2%	1%
Oct-99	56%	33%	3%	0%
Jun-99	52%	37%	3%	1%

Rating of Parks and Green Space

<u>Survey</u>	<u>Very Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Very Dissatisfied</u>
Jun-03	68%	26%	2%	1%
Jul-02	64%	30%	4%	2%
Jul-01	70%	24%	4%	1%
Jun-00	64%	31%	4%	1%
Oct-99	68%	28%	3%	1%
Jun-99	55%	40%	3%	1%

Budget Highlights

- The 2004 budget for the Community Services Department is \$32,105,600, an increase of \$835,900 or 2.7% over the 2003 budget.
- Projected revenues for 2004 are \$9,552,500, an increase of \$627,800 or 7.0% over the 2003 budget. Increases include:
 - A \$100,000 increase in building permit fees.
 - General fees and charges for community and leisure facilities and programs are projected to increase about \$300,000. Approximately \$250,000 of this increase is due to fee increases.
 - \$187,400 for an anticipated Provincial mosquito control grant.
- The 2004 budget includes the following expenditure increases:

- \$23,000 for new open space that will be added to the City's inventory in 2004.
- \$30,700 for Wascana Centre Authority for the maintenance of City owned property.
- \$187,400 for the City's share of mosquito control in anticipation of a cost sharing Provincial Grant Program in 2004.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Administration	334.7	302.9	341.3	6.6	2.0
Project Services & Landscape Design	665.0	661.9	703.0	38.0	5.7
Community and Leisure Services Division					
Arts, Culture and Heritage	174.5	161.4	181.2	6.7	3.8
Facility and Program Delivery ⁽¹⁾	7,508.6	7,364.6	7,648.6	140.0	1.9
Skating Programs ⁽¹⁾	2,512.4	2,467.1	2,545.2	32.8	1.3
Outdoor Athletic Surfaces ⁽¹⁾	680.6	665.9	652.6	(28.0)	(4.1)
Community and Social Development ⁽¹⁾	2,161.3	2,029.2	2,150.2	(11.1)	(0.5)
Parks and Open Space Management Division					
Open Space Management ⁽¹⁾	7,735.8	7,776.1	8,083.8	348.0	4.5
Streetscape	1,368.4	1,350.9	1,380.5	12.1	0.9
Pest Management	906.8	1,011.8	1,104.1	197.3	21.8
Golf Courses ⁽¹⁾⁽²⁾	2,478.4	2,399.2	2,417.6	(60.8)	(2.5)
Cemeteries ⁽¹⁾⁽³⁾	843.9	867.9	865.6	21.7	2.6
Bylaw Enforcement	1,116.6	1,067.7	1,143.3	26.7	2.4
Building Inspections	1,251.1	1,218.7	1,275.6	24.5	2.0
Urban Planning Division					
Urban Planning	1,303.4	1,274.1	1,316.1	12.7	1.0
Housing	228.4	353.2	296.9	68.5	30.0
	<u>31,269.9</u>	<u>30,972.6</u>	<u>32,105.6</u>	<u>835.7</u>	<u>2.7</u>

Notes:

1. The budget for the programs noted includes the budget managed through the Community Services Department along with facility costs. Facility costs are allocated from the Facilities and Energy Management Division of the Corporate Services Department.
2. The amounts for Golf Courses include the transfer to the Golf Course Reserve. There was a transfer of \$316,300 in 2003 (Budget \$365,200) with a budget of \$258,000 for 2004.
3. The 2004 budget for Cemeteries includes a transfer to the Cemetery Reserve of \$22,500.

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent	189.5	190.5	189.5
Casual	156.5	161.0	163.8
Total	<u>346.0</u>	<u>351.5</u>	<u>353.3</u>

Analysis of Operating Budget Change

Operating Budget Change Details		(\$000's)
2003 Budget		31,269.7
1.	Salaries and Benefits - Includes changes resulting from merit increases, classification reviews and employer benefit costs.	342.0
2.	Delete 2003 Special for Leslie Bowling Greens.	(6.0)
3.	Delete 2003 Special for Qualitative Tree Assessment.	(10.0)
4.	Delete 2003 Special for McGill Downtown Development Project.	(30.0)
5.	Delete 2003 Special for North Central Community partnership consulting agreement.	(30.0)
6.	Equipment Charges - Increase in costs for vehicles and equipment.	177.5
7.	Facility Costs - Increase in costs allocated from Corporate Services Department for facility maintenance and operations.	139.7
8.	Wascana Centre Authority - Increase to the City's maintenance portion of the budget.	30.7
9.	New Open Space - Increase to maintain new open space that will be added to the City inventory in 2004 (increase 0.6 casual fte's).	23.0
10.	RAPID Project - Funding in 2004 for a Data Input Clerk position to enter and convert urban planning data as part of this project (increase 0.5 casual fte).	13.5
11.	Mosquito Control Cost sharing program - This represents the expected City share of the Provincial Mosquito Control Grant. In 2003, the province provided a grant based on a 50/50 cost share per capita. The Province has yet to announce the 2004 program.	187.4
12.	Tree Nursery - Funding to rent a trailer for office and washroom facilities at the Dewdney Avenue tree nursery. A permanent facility will be constructed in 2004.	10.0
13.	Public Education - Funding to provide education about integrated pest management and pesticide use as per the recommendations of the Integrated Pest Management Advisory Committee.	10.0
14.	Irrigation Repairs - Funding to repair water service connections that provide irrigated water to various parks and open space areas.	30.0
15.	Playgrounds Maintenance - Funding for a casual labourer to check and maintain playground equipment for insurance of children safety. The new standards require that playground maintenance staff be certified and inspections be carried out on a scheduled basis (increase 0.3 casual fte).	17.8

Operating Budget Change Details		(\$000's)
16.	Golf Course Monitoring - Funding to provide course monitoring at the Lakeview Golf Course. A 2003 court ruling requires the City to provide a monitor on site when the course is open for play.	20.0
17.	Golf Course Superintendent - This position is required to be responsible for the planning and delivery of maintenance activities for the five golf courses and bowling green facility. This is partially offset with the elimination of one permanent skilled labourer golf course position (net increase of 0.25 fte).	17.7
18.	Athletic Fields - Funding to provide maintenance services to athletic fields to partially fund this service (0.6 casual fte).	22.0
19.	Inner City Housing Partnership - Completion of a consulting agreement started late in 2003. This is offset with Federal Government grants funds.	84.0
20.	"YRU so BORED" Anti-Vandalism Campaign - Funding is for advertising via posters and television. The intention is to request funding for three years.	10.0
21.	Lawson Weight Room Supervisor - Funding for a casual position to provide service during peak use (increase 0.6 casual fte).	15.0
22.	Deletion of a Social Development Consultant position - This position supported the food security portfolio and the social development grant portfolio. These duties have been shifted within the department with minor service implications (decrease 1.0 permanent fte).	(59.7)
23.	Computer Leases - Decrease due to the reduction of lease rates.	(44.5)
24.	Decrease in the transfer to Golf Course Reserve - The transfer is calculated based on revenues less expenditures less an allocation for administration costs.	(107.2)
25.	Increase in the transfer to Cemetery Reserve - The transfer is calculated based on revenues less expenditures less an allocation for indigent burial plots.	22.5
26.	Coordination of 2005 Canada Games - As a major partner, the City plays a key role in enabling the planning and hosting of the Games. This represents the salary and benefits of an employee dedicated to coordinating the City's involvement in the Games including overseeing capital projects, liaising with and between departments and divisions, ensuring effective use of City facilities and assets and monitoring the City's investment in the Games. This commitment will expire at the end of 2005.	84.6
27.	Reduction due to additional GST rebate.	(125.2)
28.	Other Changes.	(8.9)
2004 Budget		<u><u>32,105.6</u></u>

Transit Department

Overview

The Transit Department provides affordable and accessible transportation in support of City Council's Community Vision for inclusiveness, accessibility, affordability and environmental sustainability. Services include:

- The Public Transit service provides transportation for Regina residents and visitors. Service is provided through a regularly scheduled, fixed route transit system.
- The Paratransit Service provides transportation to persons with disabilities who are unable to use public transit. The service is a scheduled, shared ride, door-to-door service.

In the provision of the Public Transit and Paratransit Service, the Transit Department is committed to:

- Maintaining vehicles in a clean, safe, operating condition
- Ensuring positive operator/passenger relations
- Developing Paratransit strategies for persons unable to use the Public Transit Service
- Enhancing personal and professional development of staff
- Operating charter services
- Developing and utilizing efficient administrative procedures
- Ensuring adherence to approved budget and accounting practices
- Working towards City Council's goal to "reduce greenhouse gas emissions that result from municipal operations by 20% of 1990 levels by 2005 and a further reduction of 1% each year thereafter until 2012".

Providing sustainable public transportation services while minimizing the impact on the global environment is a key public transportation goal. On a regular basis, the City of Regina gathers information from citizens with respect to the quality of services provided. The following table indicates how those surveyed view transit services.

Rating of Transit Services

<u>Survey</u>	<u>Very Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Somewhat Dissatisfied</u>	<u>Very Dissatisfied</u>
Jul-03	23%	30%	8%	2%
Jul-02	26%	32%	9%	5%
Jul-01	28%	27%	11%	6%
Jun-00	24%	36%	8%	5%
Oct-99	27%	33%	6%	5%
Jun-99	24%	37%	7%	4%
Mar-98	15%	35%	10%	4%
Dec-95	30%	25%	7%	5%

Budget Highlights

- The 2004 Budget for the Transit Department is \$18,419,300, an increase of \$358,300 or 2.0% over the 2003 budget.
- A Transit Service Review was complete in the spring of 2003. The review provided an assessment of factors contributing to ridership, including demographics, fares, service coverage, service frequencies and competing travel time compared to the automobile. Recommendations approved in the review will be implemented in 2004.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Public Transit					
Transit Operations	10,863.5	10,392.2	11,096.3	232.8	2.1
Maintenance of Vehicles	2,355.7	2,357.2	2,386.6	30.9	1.3
Transit Administration	1,007.7	1,103.4	1,019.2	11.5	1.1
Information Centre	161.3	166.9	176.3	15.0	9.3
Marketing and Research	135.2	156.5	132.4	(2.8)	(2.1)
Training	154.5	115.8	154.1	(0.4)	(0.3)
	14,677.9	14,292.0	14,964.9	287.0	2.0
Paratransit	2,700.5	2,564.7	2,762.6	62.1	2.3
	17,378.4	16,856.7	17,727.5	349.1	2.0
Facility Costs ⁽¹⁾	682.6	695.3	691.8	9.2	1.3
Total	18,061.0	17,552.0	18,419.3	358.3	2.0

Note:

1. Facility costs are allocated from the Facilities and Energy Management Division of the Corporate Services Department.

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent	219.0	219.0	219.0
Casual	2.4	2.4	2.8
Total	221.4	221.4	221.8

Analysis of Operating Budget Change

Operating Budget Change Details		(\$000's)
2003 Budget		18,061.0
1.	Salaries and Benefits - Includes changes resulting from merit increases, classification reviews and employer benefit costs.	373.8
2.	Paratransit Contract - The current contract provides for rate increases to June 30, 2005. The delivery of the Paratransit Service is managed through two contracts. One contract provides for the operation and maintenance of 23 City-owned lift-equipped buses. The hourly rate for this contract will increase July 1, 2004 from \$31.08 to \$32.95 for each hour of service provided. The second contract provides for the supply, operation and maintenance of eight minivans to deliver Paratransit Services. The hourly rate for this contract will increase May 1, 2004 from \$28.49 to \$29.92 for each hour of service provided.	120.9
3.	Facility Costs - Increase in costs allocated from the Corporate Services Department for facility maintenance and operations.	22.0
4.	Reduction due to additional GST Rebate.	(165.8)
5.	Other Changes.	7.4
2004 Budget		<u>18,419.3</u>

Engineering and Works Department

Overview

The Engineering and Works Department is responsible for the planning, design, construction, operation and maintenance of the following services:

- Streets, alleys, bridges and sidewalks including the management of traffic to ensure the effective use of the transportation system
- Supply and distribution of water
- Collection and disposal of wastewater
- Routing and control of surface drainage
- Waste collection and disposal

The water, wastewater and drainage services are delivered through the Water and Sewer Utility Budget and are not included in the General Operating Budget.

The City of Regina annually conducts a public survey. The survey includes questions related to specific services. The following table is for those services provided by the Engineering and Works Department.

Rating of Street Repair Services

Survey	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied
Jul-03	7%	32%	32%	29%
Jul-02	6%	31%	30%	34%
Jun-01	7%	36%	28%	29%
Jun-00	4%	25%	34%	37%
Oct-99	5%	22%	28%	45%
Jun-99	4%	11%	30%	55%
Mar-98	4%	25%	39%	30%
Dec-95	8%	30%	31%	31%

Rating of Snow Ploughing Services

Survey	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied
Jul-03	29%	36%	21%	13%
Jul-02	27%	43%	19%	11%
Jun-01	24%	40%	20%	16%
Jun-00	24%	41%	20%	15%
Oct-99	17%	33%	26%	23%
Jun-99	17%	38%	29%	15%
Mar-98	12%	35%	32%	20%
Dec-95	10%	27%	24%	38%

Rating of Garbage Removal Services

<u>Survey</u>	<u>Very Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Somewhat Dissatisfied</u>	<u>Very Dissatisfied</u>
Jul-03	61%	29%	6%	1%
Jul-02	59%	33%	3%	2%
Jul-01	59%	29%	7%	3%
Jun-00	57%	35%	5%	2%
Oct-99	60%	32%	5%	1%
Jun-99	52%	41%	4%	2%
Mar-98	38%	53%	5%	2%
Dec-95	65%	27%	4%	3%

Budget Highlights

- The 2004 Budget for the Engineering and Works Department is \$28,653,200, an increase of \$3,161,800 or 12.4% over the 2003 budget.
- General revenues for the Engineering and Works Department are \$7,779,100 for 2004, an increase of \$1,620,500 or 26.3% over the 2003 budget.
- Maintenance of Alleys will increase in accordance with the alley maintenance strategy approved by City Council in 1996. This is the eighth year of the ten-year strategy. The increase includes additional funding of \$215,600 generated by the increase in the special tax rates for 2004 and \$250,000 in deferred revenue resulting from levies collected but unexpended in prior years.
- Transfer to Landfill Reserve will increase by \$1,818,900 in accordance with the rate increase strategy approved by City Council in 2003.

Operating Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Administration	1,361.7	1,430.4	1,374.2	12.5	0.9
Development & Technical Services	1,060.0	998.6	987.2	(72.8)	(6.9)
Roadways and Traffic					
Roadways Engineering	611.5	605.7	635.7	24.2	4.0
Roadways Administration	1,949.3	2,016.5	1,883.7	(65.6)	(3.4)
Roadways Operations	3,373.4	3,082.3	3,433.6	60.2	1.8
Street Sweeping	763.9	777.8	835.9	72.0	9.4
Winter Road Maintenance ⁽¹⁾	2,091.1	2,091.1	2,284.4	193.3	9.2
Maintenance of Alleys	2,099.7	1,924.7	2,565.3	465.6	22.2
Traffic Engineering	627.5	646.2	683.8	56.3	9.0
Traffic Operations	1,898.4	2,042.0	2,032.0	133.6	7.0
Street Lighting	3,281.0	3,313.2	3,235.9	(45.1)	(1.4)
Waste Management					
Environmental Engineering	440.7	292.1	457.9	17.2	3.9
Solid Waste Administration	765.4	785.1	825.7	60.3	7.9
Residential Collection	1,922.5	2,086.8	2,336.6	414.1	21.5
Commercial Collection	239.4	258.1	263.2	23.8	9.9
Landfill Operations	1,241.1	1,164.5	1,246.8	5.7	0.5
Waste Minimization	490.1	454.7	521.4	31.3	6.4
Transfer to Landfill Reserve	744.8	1,607.0	2,563.7	1,818.9	244.2
	<u>24,961.5</u>	<u>25,576.8</u>	<u>28,167.0</u>	<u>3,205.5</u>	<u>12.8</u>
Facility Costs ⁽²⁾					
Administration, Roadways & Traffic	340.8	277.9	308.7	(32.1)	(9.4)
Waste Management	189.1	157.5	177.5	(11.6)	(6.1)
	<u>529.9</u>	<u>435.4</u>	<u>486.2</u>	<u>(43.7)</u>	<u>(8.2)</u>
Total	<u><u>25,491.4</u></u>	<u><u>26,012.2</u></u>	<u><u>28,653.2</u></u>	<u><u>3,161.8</u></u>	<u><u>12.4</u></u>

Notes:

1. The 2003 actual expenditure for Winter Road Maintenance includes \$16,008 transferred to the Winter Road Maintenance Reserve.
2. Facility costs are allocated from the Facilities and Energy Management Division of the Corporate Services Department.

Staff Complement

Full Time Equivalents	2002	2003	2004
Permanent ⁽¹⁾	171.5	181.1	183.1
Casual	47.6	50.2	56.7
Total	<u><u>219.1</u></u>	<u><u>231.3</u></u>	<u><u>239.8</u></u>

Analysis of Operating Budget Change

Operating Budget Change Details		(\$000's)
2003 Budget		25,491.4
1.	Salaries and Benefits - Includes changes resulting from merit increases, classification reviews and employer benefit costs.	128.4
2.	Equipment Charges - Increase in depreciation (replacement) charges for vehicles and equipment.	477.4
3.	Maintenance of Alleys - The special tax rate increase is 10% for 2004 as compared to 2003. Of the total increase, \$215,600 is due to the rate increase and \$250,000 is deferred revenue resulting from special tax and levies collected in prior years that were not previously spent.	465.6
4.	Increased contribution to the Landfill Reserve.	1,818.9
5.	Solid Waste Collection - One permanent position and 6.0 casual positions have been added to meet program delivery requirements.	263.6
6.	Waste Reduction/Recycling - One permanent position has been added to promote waste reduction and recycling in the Industrial/Commercial/Institutional (ICI) sector.	49.7
7.	Delete 2003 Specials.	(45.0)
8.	Infrastructure Information Integration - Funding for infrastructure information integration project. Funding is also included in the Utility Operating Budget. The project is expected to take three years.	50.0
9.	Street Sweeping - Increase is to cover the costs associated with the growth of the City.	25.0
10.	Traffic Signal Maintenance - Cost for the addition of a Traffic Signal Technician (1.0 permanent fte funded for half the year) to work on maintaining the City's fiber optic communications system and the Fire Department's traffic signal pre-emption devices.	26.7
11.	Roadways Operations casuals - Cost for the addition of Inspection and Materials Testing staff (.5 casual fte) to enable inspections and testing at construction sites seven days per week while minimizing over time incurred by existing staff.	18.2
12.	Street Lighting - Increases cost for street lights in new and developing subdivisions.	52.0
13.	Fiber Optics - Cost to purchase and train staff on new specialized equipment used in maintenance and repair of the City's fiber optic communications system.	25.0
14.	Roadways Operations ignition oven - Cost to replace the oven used in the materials testing lab. The oven is used to burn material samples to determine the asphalt content in asphalt mixes.	12.0
15.	Reduction due to additional GST rebate.	(215.3)
16.	Other Changes.	9.6
2004 Budget		<u>28,653.2</u>

Costing Fund Budget Summary

Overview

The Costing Fund was established for the purpose of accounting for certain operations that are not part of either the General Fund or the Water and Sewer Utility Fund. The Costing Fund includes:

- Real Estate, which includes all real estate-related services for the City. This includes buying properties when required for City operations, selling or leasing City-owned properties, obtaining leases, performing land development functions, and managing the resale of properties taken through tax enforcement.
- Facilities and Energy Management, which includes the day-to-day operation and maintenance of City-owned facilities along with Central Stores, Fuel/Lube Centre and the Natural Gas Vehicle Program.
- Fleet Services, which includes fleet management and maintenance services for the City's fleet excluding that of Transit, Police and Fire.
- The Print Services and Computer Leasing operations in Information Systems. Print Services is an in-house print shop, with the objective of providing quality output in a timely and cost effective manner. This includes responsibility for output devices (copiers, multi-functional and networked printers) and desktop computers.
- Granular Materials Supply and Asphalt Plant Operations – the purpose of Granular Materials Supply Section is to purchase, inventory and process granular materials, soils and other landscape products and recycled materials such as steel slag, crushed concrete and crushed asphalt. The Asphalt Plant produces a variety of asphalt mixes for paving, cut repair and patching.
- Open Space Landscape – this operation is part of the Community Services Department and provides landscape services, with the costs charged to operating or capital budgets within Community Services, to other Departments, or in some instances to external organizations.

The reasons for accounting for these entities through a separate fund include:

- For the Real Estate operation, by policy of City Council, the net revenue generated by Real Estate is transferred to the General Fund Reserve. The net revenue can vary substantially due to the volume of land sales.
- For the other operations in the Costing Fund, the purpose of the costing fund is to function as a cost distribution mechanism. All of the costs for operations such as Fleet, Facilities and Energy Management, Granular Material Supply, the Asphalt Plant, Open Space Landscape or the Print Shop are fully allocated to other operating and/or capital accounts.

Costing Fund Expenditure Summary (\$000's)

Expenditures	2003 Budget	2003 Actual	2004 Budget	Change 2003 to 2004	
				Dollar Change	Per Cent Change
Corporate Services:					
Facilities & Energy Management	8,510.9	5,166.1	4,912.8	(3,598.1)	(42.3)
Fleet Services	7,830.0	7,462.4	7,684.8	(145.2)	(1.9)
Real Estate	459.6	889.0	478.1	18.5	4.0
Information Systems	720.5	880.5	1,509.5	789.0	109.5
	17,521.0	14,398.0	14,585.2	(2,935.8)	(16.8)
Engineering and Works:					
Granular Material & Asphalt Plant	3,424.1	3,576.3	3,536.0	111.9	3.3
Community Services:					
Open Space - Landscape	1,256.5	971.0	1,251.4	(5.1)	(0.4)
	<u>22,201.6</u>	<u>18,945.3</u>	<u>19,372.6</u>	<u>(2,829.0)</u>	<u>(12.7)</u>