

2006 BUDGET

General Operating Budget Summary

- As Approved by City Council -

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Office of the City Manager
May 8, 2006

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

Re: 2006 General Operating Budget and Other Funds Budget

Pursuant to Sections 128 of *The Cities Act*, City Council is required to adopt an operating and capital budget. The budgets summarized in this document are the 2006 General Operating Budget and the 2006 Costing Fund Budget as approved by City Council at its meeting on April 13, 2006. **In adopting the General Operating Budget for 2006, City Council approved no changes in the municipal mill rate.** The 2006 General Operating Budget totals \$211.6 million, an increase of \$9.7 million or 4.8% over 2005 – 4.6% for general civic operations and 5.6% for the Board of Police Commissioners.

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. Municipalities, Regina included, are facing problems of increasing and changing service expectations, increasing costs and ageing infrastructure. Roads, buildings and other infrastructure built during the period of rapid growth are in need of repair or replacement. Continued urban growth and changes in demographics add to the financial dilemma.

The 2006 General Operating Budget reflects increasing recognition of the issue by the Provincial and Federal Governments. **The Provincial Government increased operating and capital grants, and the Federal Government has indicated an ongoing commitment through the five-year Gas Tax Grant as well as two year funding for Transit.** It is essential that sufficient and sustained funding be made available to municipalities.

The budget process requires choices by City Council with respect to service levels 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 2006 budget for the civic portion of the general operating budget, including capital funding, is \$163.7 million, an increase of almost \$7.2 million or 4.6% over the 2005 budget. There are **no changes in services or service delivery** in the 2006 General Operating Budget.

The 2006 budget for the Board of Police Commissioners is \$47,858,600, an increase of about \$2.5 million or 5.6% over the 2005 budget. The increase in expenditures is partially offset by increased revenues of \$617,900. The capital contribution required for the Board of Police Commissioners for 2005 is \$1,504,000, a decrease of \$312,000 over the amount provided in 2005.

There is an increase of almost \$3.5 million in the 2006 budget for the Provincial Revenue Sharing Grant. The Province has announced an increase in the revenue sharing grant pool for

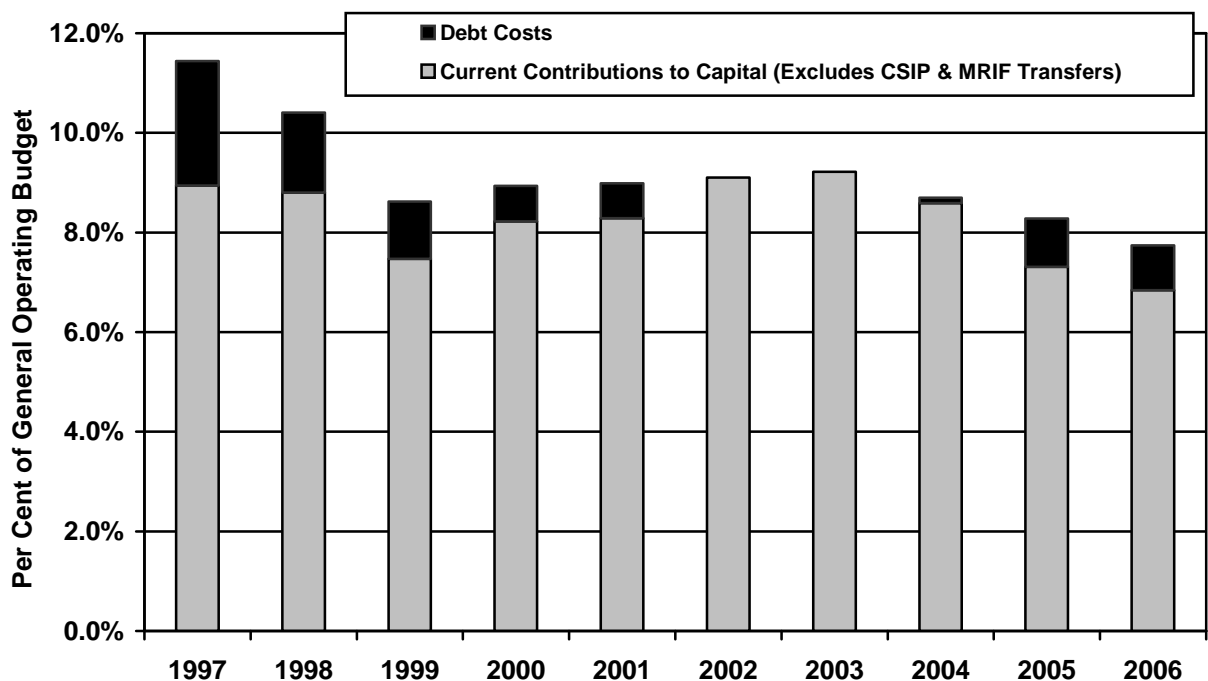
Saskatchewan municipalities in 2006 of \$12.2 million, as well as a \$12.2 million payment on a one-time basis for 2006.

Budget decisions in 2006 have implications for the level of reserves. In balancing the 2006 budget, a withdrawal of \$1,700,500 from the General Fund Reserve has been included as directed by Executive Committee at the meeting of February 25, 2006. This withdrawal is in addition to a withdrawal of \$572,000 in the proposed budget to fund specific items in 2006. This was proposed in light of the 2005 surplus and the higher General Fund Reserve balance at the end of 2005 than had been projected in the 2005 budget.

In 2005, the expenditures for winter road maintenance were \$3,816,100 compared to the budget of \$2,740,600, a difference of \$1,075,500. The over expenditure was funded through a withdrawal from the Winter Road Maintenance Reserve. At the end of 2005, the reserve was about \$1.5 million. The 2006 budget for winter road maintenance is \$3,000,000, less than the actual expenditures for 2005 and less than the required annual funding based on an average of the costs over the last ten years. Winter road maintenance expenditures from January 1 to March 6, 2006 were about \$871,000 or about 30% of the total budget for the year. It is unlikely that the budget will be overspent in 2006, but there will not likely be significant growth in the reserve balance to provide funding should the next winter be severe.

There is a small decrease in capital funding from the General Operating Budget in 2006 because of a decrease in the capital requirement for the Board of Police Commissioners for 2006. The lack of an increase for civic capital funding is a concern. The City is still faced with substantial infrastructure deficit of \$30 to \$35 million per year. The following graph shows the decline in capital funding, as a per cent of the total operating budget, over the last several years.

Capital Funding From Current Operations – 1997 to 2006
(Per Cent of General Operating Budget)



While there is virtually universal recognition of the need to increase capital spending, the challenge continues to be finding sources of funding that are predictable and sustainable.

In early 2006, the Provincial Government announced \$6.1 million in capital funding for Regina under the Community Share 2006 Program, a very significant contribution to Regina's infrastructure requirements. The funding is provided for 2006 only. It is essential that the Provincial Government implement new capital funding programs to assist municipalities on an ongoing basis.

During 2005 the Federal Government implemented a program to share a portion of the Federal Gas Tax revenues with municipalities. In 2006, it is expected that Regina will receive \$3.3 million in Federal gas tax grants, with the amount increasing to about \$11.1 million by 2009. The Federal Government has also announced capital funding for Transit. The details have not been finalized. The 2006 – 2010 General Capital Program assumes that the City will receive \$4.8 million per year for 2006 and 2007.

While the additional funding received from the Federal and Provincial Governments is significant, the City must consider whether it is providing sufficient funding for capital requirements. The 2006 – 2010 General Capital Program is based on an increase in the City's current contributions to capital of \$1.5 million per year starting in 2007. In order to balance the budget, current contributions to capital from the General Operating Budget decreased in 2004 and 2005 and were not increased in 2006. The budget gaps experienced in the past few years will exist again in 2007. It is critical that City Council include the increased capital funding in the 2007 and future budgets if progress is going to be made in addressing the existing and growing infrastructure requirements of the City.

Significant risks with respect to the 2006 budget include:

- There is an increased risk of an operating deficit for 2006. **The risk is higher than in prior years due to the expenditure reductions required to reduce the budget gap.** Over the last 30 years, Regina has had three operating deficits. However, two of those three deficits have occurred in the last five years, including the deficit for 2004.
- **Many of the City's revenues and expenditures are subject to change due to external influences.** Many factors impact revenues and/or expenditures including the weather, the cost of fuel, interest rates, gas rates and electrical rates. There could be positive or negative variances in 2006 due to these factors.
- **The 2006 budget is based upon a potential reduction in taxes due to assessment appeals of \$600,000 which is less than the potential projected risk. Executive Committee provided direction to reduce this contingency allowance by \$1.1 million to the amount of \$600,000 at its meeting of February 25, 2006.** There is risk that the \$600,000 will not be sufficient. The actual reduction, including potential appeals outstanding at the end of the year could be higher.

The 2006 General Operating Budget adopted by City Council includes no change in the municipal mill rate, while maintaining the services provided by the City. The additional funding provided by the Provincial and Federal Governments was a significant factor in maintaining the mill rate for 2006. 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. Fiscal pressure will continue each year unless cities have access to revenues that are more directly linked to growth along with a broader range of revenue sources.

Respectfully submitted,



A.R. Linner
City Manager

Introduction

City Council's Vision

Prior to the 2002 budget, City Council engaged in a strategic planning process and developed a statement of a long-range vision for Regina. The vision was reconfirmed in 2004 through an Executive Committee planning session.

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 Overview

Translating the vision into reality is a process of making decisions and taking actions over the course of time. One of the most significant decisions for City Council arises on an annual basis through the budget process. Budget decisions reflect the allocation of resources in a community toward priorities.

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 fundamental equation that guides the City's financial planning is:

$$\text{Revenues} = \text{Expenditures}$$

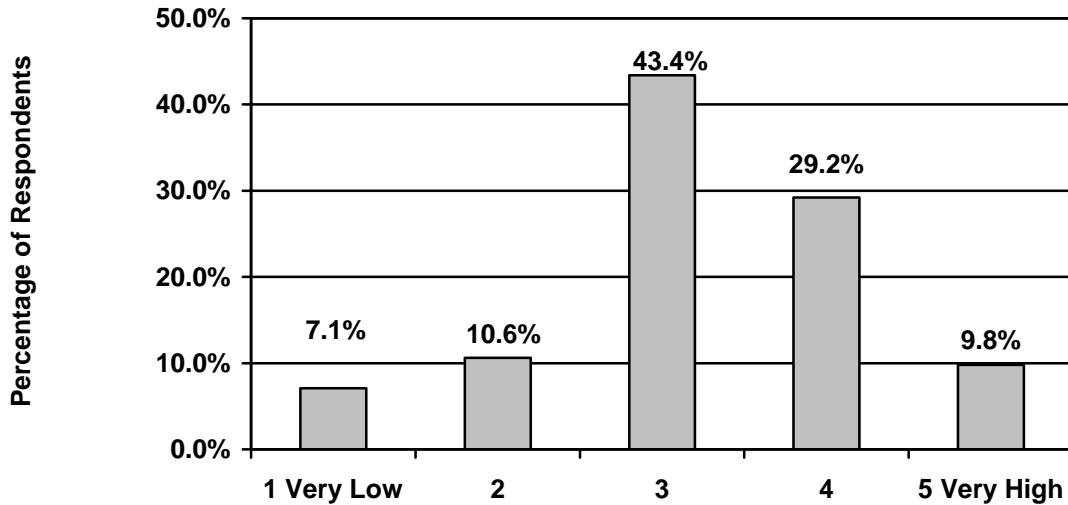
The equation is relatively simple. To the extent that the City incurs expenditures for programs or services (whether by choice or as required by legislation), the City must generate revenue sufficient to pay for those programs or services.

Budget choices and the resulting decisions have consequences. Consequences can be short-term, long-term or both, and can impact the operating budget, capital budget or both. **It is important for Council and the community to understand and accept the consequences of the budget choices made by City Council.**

A key aspect of the budget process is that City Council is making choices on behalf of the community. 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 2005 survey indicated that Regina residents generally consider they are getting good value for their tax dollar.

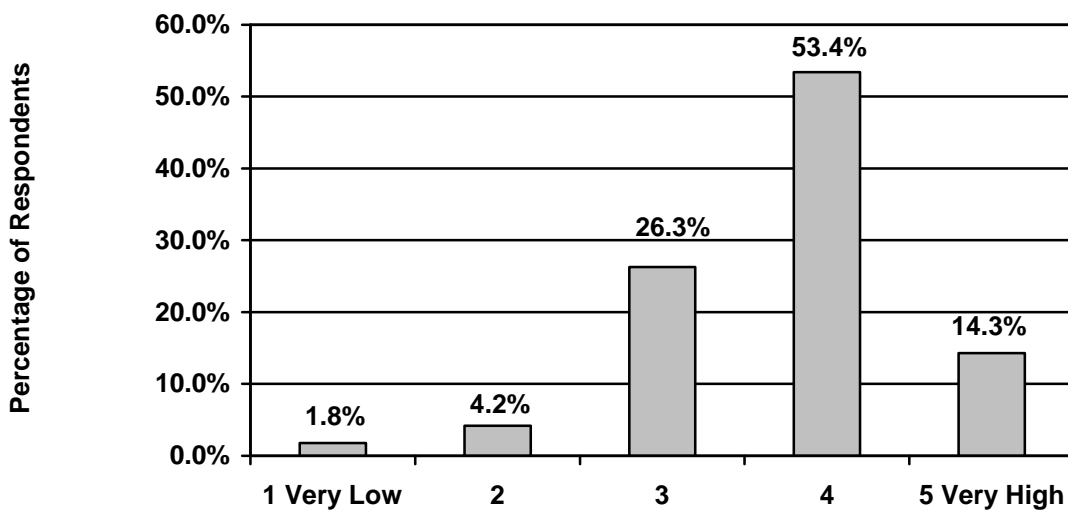
Would you say the value of service you receive for your City tax dollar is high or low?



More than twice as many respondents are on the positive side of the scale compared to the negative side of the scale.

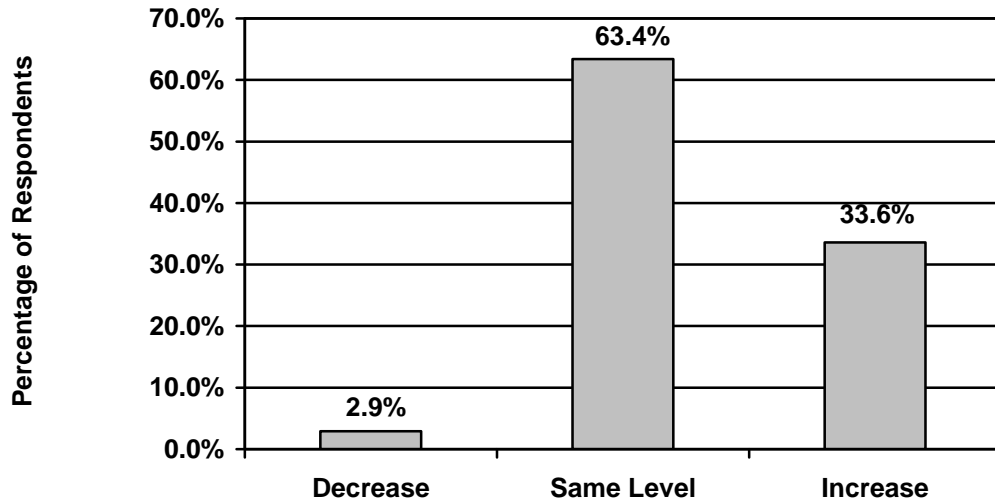
Regina residents rated the quality of life in their city highly with only 6% on the negative side of the scale. 67.7% of respondents rated the quality of life in Regina as high or very high.

How would you rate the overall quality of life in Regina?



The 2005 survey also indicated that generally, Regina residents appear content with the level of services provided to them, with nearly two-thirds suggesting the status quo for service level. However, about one-third would support increased services. Only 2.9% would favour a decrease in services.

Do you think the City should increase services, decrease services, or keep them at the same level?



Like other western Canadian cities, Regina faces an imbalance in revenues and expenditures. Structurally, there is minimal growth in revenues. Expenditures, however, continue to grow, generally at a rate higher than inflation as a result of several factors.

Core Services Review

In 2004, City Council undertook an independent review of operations of the City and the Regina Police Services, facilitated by TkMC Management Consultants. The report, which was provided to City Council on January 24, 2005, included several recommendations, one of which was the development of a Regina Strategic Plan. Specifically,

“Council, the Board of Police Commissioners and the respective Senior Management groups must create a shared commitment to the change process. Council’s role is to define the strategic plan for the City and develop the policy framework for the evaluation and decision making related to strategic direction. The development of the plan and policy is supported and implemented by the Senior Management. Fundamental to this process and new municipal organization is the creation of an environment that results in a new Council/Management relationship that results in long term change that is driven by the vision, mission, organizational values, specific strategic initiatives and strategic decision making.”

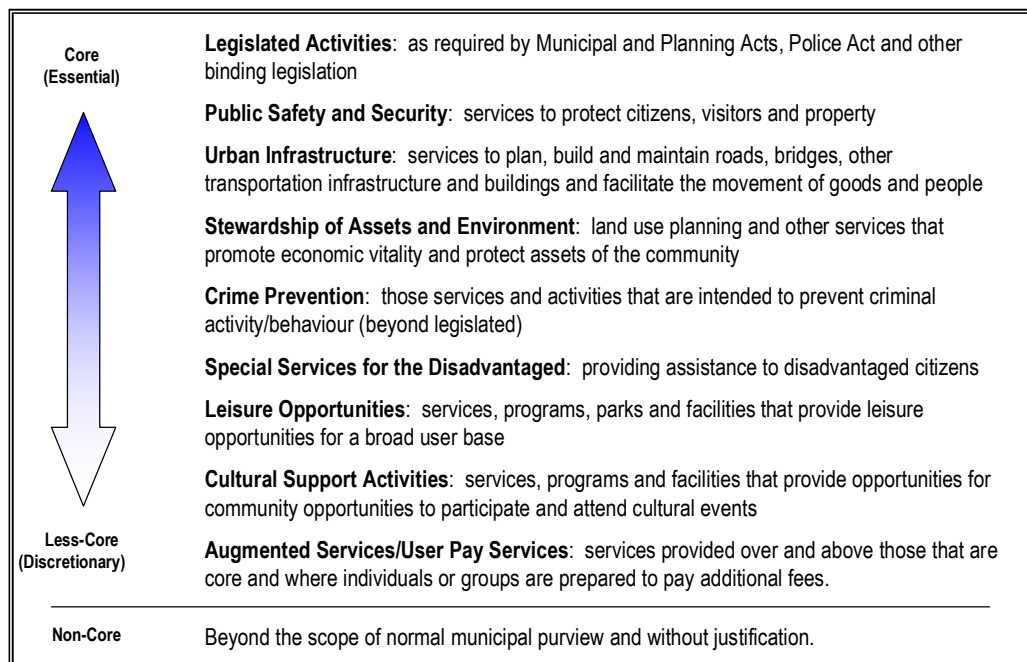
During 2005 and 2006, the Administration reviewed over 1,200 ideas listed in the Core Services Review and is integrating improvements into daily operations and existing projects and improvement initiatives.

In February of 2006, City Council and the Senior Management Team identified six themes that will drive the organization's strategic choices. The six themes underpin the choices, opportunities and strategic issues outlined in the Core Services Review. The six themes are:

- **Mandate** – The City of Regina strategically determines which services the City provides, the level of service, service goals and objectives for its programs.
- **Asset Management** – The City of Regina strategically and effectively manages assets within program areas to provide for economic, social and environmental sustainability.
- **Service Delivery Methodologies** – The City of Regina makes service delivery decisions that ensure the most effective and efficient service exists.
- **Revenue Generation** – The City of Regina is committed to Corporate Revenue Strategy development and makes revenue generation decisions based on clear guiding principles.
- **Customer Service** – The City of Regina is committed to the delivery of municipal services that meet the needs and expectations of its customers.
- **Contemporary Employer** – The City of Regina recognizes that its people are its most key and valuable resource. Human Resources strategies work to achieve outcomes that best serve the organization and the community.

The Core Services Review introduced the concept of the Core Continuum, a tool which can help determine service mandates and define where specific services fit in the core responsibilities for the organization.

Core Continuum



During 2006, the Shaping Regina Initiative is providing a community visioning process that will allow Council to update its City vision. These tools provide a framework for making decisions and choices in a more reasoned and directed manner.

The consultant's final report identified savings and revenues that may be realized by the implementation of the strategic initiatives, ideas and suggestions identified in the review:

- The City's ability to table a budget with no changes to service levels and a 0% mill rate increase during a period of rising expenses can in part be attributed to good management practices, some of which were recommended in the Core Services review.
- Many of the savings and the revenue opportunities can only be achieved by changes to service levels.
- For numerous opportunities, the dollar savings are a savings of time and effort and for some, there are no real savings in funds.
- The report considered a number of services that the City could consider "discretionary" and would realize savings by eliminating or adjusting the service delivered. Many have previously been considered and rejected.
- To accomplish the revenue generation outlined in the review, significant increases to fees and charges would be necessary. In some cases authority for new fees does not exist.

The Core Services Review has:

- Assisted Management and City Council with the development of the 2006 budget
- Identified improvement opportunities that are being considered and implemented along with other initiatives throughout the organization
- Provided more focus to the decision making process that helps City Council and the Administration pursue A Vision for Regina

At this time, City Council is committed to continuing the current level of service provided by the City of Regina and to the elements in the City Vision that make Regina "a good place to live".

Service choices such as those identified in the Core Service Review are difficult but continue to be examined and evaluated as part of daily operations and the annual budget process for the City of Regina.

Expenditure Challenges

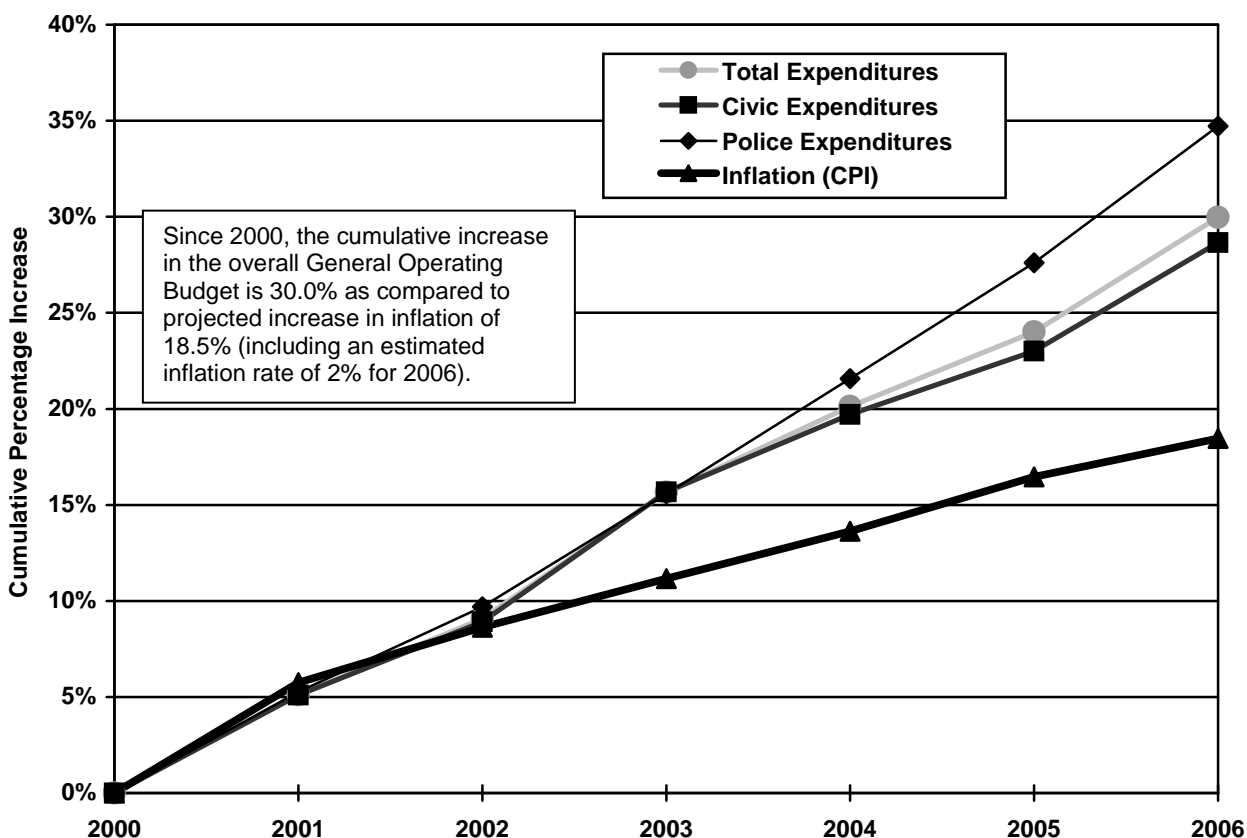
Each year, City Council must consider the level of expenditures to fund programs and services, including the capital requirements related to those programs and services. Expenditure challenges include:

- **Overall the community supports the level of City services (63.4% in 2005) and has a high rating for the services provided. Irrespective of these ratings, there are two realities the City faces:**
 - On those occasions when the City considers the elimination or a reduction in an existing service level, there is typically a segment of the community opposed to the change.
 - Some in the community are of the view that expenditures can be reduced. However, most individuals or groups are not willing to reduce expenditures on the services they use. All those in the community do not use every service provided by the City, but all services are used by a segment of the community.
- **Increases in salary and benefit costs.** The collective agreements for all civic unions (CUPE Local 7, CUPE Local 21, Amalgamated Transit Union Local 588, Civic Middle Management, and the International Association of Fire Fighters Local 181) which had expired at the end of 2003 were renewed during 2005. The contract for the International Association of Fire Fighters was resolved through binding arbitration which resulted in increases higher than the amounts that had been budgeted in 2004 and 2005. The contracts with CUPE Local 7, CUPE Local 21, and Amalgamated Transit Union Local 588 were resolved through negotiation after a 26 day strike, with increases higher than those budgeted in 2004 and 2005. These increases, along with increases for Civic Middle Management, Out of Scope employees and Police, place additional pressure on the operating budget.
- The City is faced with increased costs and service expectations as a result of **growth in the community**. While it is generally perceived that any increase in expense resulting from the physical growth of the city would be covered by additional tax revenues, that is not the case. There are required increases in the budgeted operating expenditures for areas such as waste collection and additional open space. But the most significant impact on the budget from growth is in the area of capital requirements for road network improvements.
- **Increases in the price of fuel (30%), electricity (6%) and construction and engineering services (15% or more in specialized areas)** have exceeded the general inflation rate.
- There are also cost pressures as a result of **changing community interests, regulatory requirements, standards and expectations**.
- Many **local arts, cultural, sporting, community and charitable organizations are faced with fiscal pressures**. There has been an increase in the number of organizations seeking support through tax exemptions or capital or operating grants.
- **There continues to be a significant “infrastructure deficit”**. For 2006, a total of approximately \$9.8 million in capital funding is expected from the new Federal Government gas tax and transit programs, and the existing Federal/Provincial Municipal Rural Infrastructure Program. \$6.1 million will be provided from the Provincial Government’s recently announced Community Share 2006 Program. While these contributions represent significant progress in addressing funding for infrastructure, the City of Regina has a shortfall in capital funding in the range of \$30 to \$35 million each year. **The infrastructure deficit will increase as infrastructure and buildings continue to deteriorate with age and the overall infrastructure base increases as the city grows**. If infrastructure is not adequately maintained, there will be long-term implications on the City’s ability to sustain service levels. In addition, maintenance or capital costs will increase.

- The City has **significant unfunded liabilities for vested sick leave, accumulated vacation credits, service pay and banked overtime**. At the end of 2005, the liabilities for these costs were estimated at \$28 million (\$27.3 million at the end of 2004). As a growing proportion of the City's workforce reaches retirement age, the cash flows required to pay off this liability will grow. **Payments for these items for 2005 totalled about \$1.1 million; and departments are required to absorb these growing costs in their existing budgets.**
- The City has **significant unfunded liabilities for pension and benefit plans**. At the end of 2004, the City's share of the liability for the Police Pension Plan and Chief of Police Pension Plan was about \$5.8 million (\$6.0 million at the end of 2002). 2005 information is not yet available. The City is not required pursuant to accounting standards to account for a liability with respect to multiple employer pension and benefit plans such as the Civic Pension Plan and the Long Term Disability Plan. **The estimated liability for these plans at the end of 2004 was \$15.6 million.** 2005 information is not yet available for these plans. The liability is shared between the employers and employees. The employers in the plans include the City of Regina, Regina Qu'Appelle Health Region, Regina Public Library, Buffalo Pound Water Administration Board and Regina School Division No. 4 of Saskatchewan (non-teaching staff). The plans require a relatively high employer contribution rate; which adds pressure to the overall salary and benefit costs. There is also concern about future requirements to maintain the sustainability of the plans.

The next graph compares the increase in expenditures since 2000. The graph shows the increase in total civic expenditures, total police expenditures and the rate of inflation.

Growth in Operating Expenditures – 2000 to 2006



Since 2000, expenditures have increased at a rate greater than inflation. Overall the increase in Police operating costs is 34.7%, as compared to 28.7% for civic operating expenditures and 30.0% for the total operating budget. On average, expenditures have increased by about 5.0% per year.

Revenue Challenges

Property tax revenue accounts for about 55% of total operating revenues. In Regina, there is greater reliance on property tax as the major source of revenue as compared to other western cities including Saskatoon.

While property taxes account for the majority of the City's revenue, there is limited tax growth as a result of assessment growth. Assessment growth is typically in the range of one per cent per year. 2005 was a record year for building permits, and the resulting increase in revenues is approximately 2% over 2005 tax revenues. The growth from year to year can be negatively impacted by assessment appeal decisions.

There is **limited property tax growth unless City Council increases tax rates**. While Regina has limited mill rate increases in recent years, other cities have had more significant increases.

	2002	2003	2004	2005	2006	Totals
Calgary	3.00%	3.90%	5.00%	3.50%	4.40%	19.80%
Edmonton	2.40%	4.90%	5.30%	5.40%	6.25%	24.25%
Saskatoon	1.53%	2.70%	3.78%	3.40%	1.86%	13.27%
Regina	4.33%	1.10%	0.00%	4.00%	0.00%	9.43%

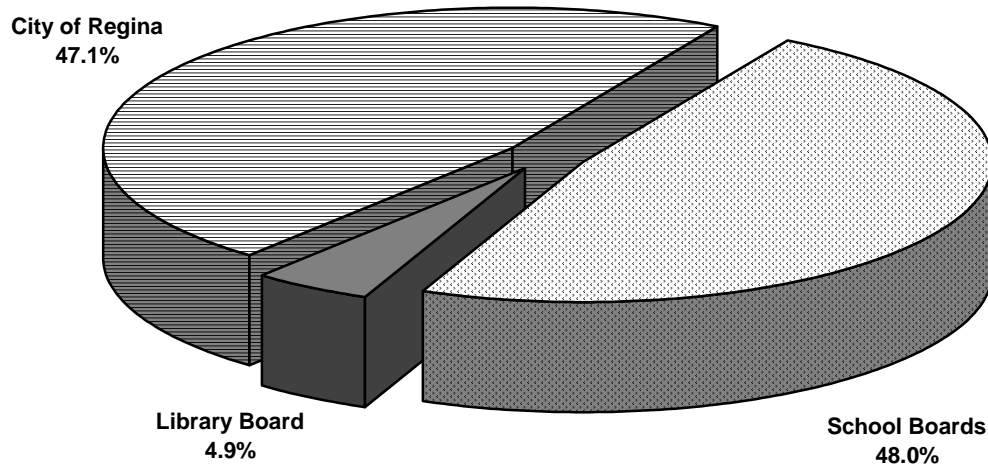
Note: City of Calgary and City of Edmonton have approved the noted mill rate increases for 2006. City of Saskatoon has not had any formal discussion of 2006 mill rate to date.

The question that both the community and City Council must consider is, **whether it is reasonable over the longer term to sustain programs and services with tax rate increases that are materially different from those in other communities.**

Historically, 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 2005 public survey, only about 10% of those responding recognized that half of the property tax revenue went to the school boards, another 45% did not know and 45% provided a wrong answer. **It appears that there has been some increase in the level of awareness of the City's portion of the tax bill.** In the 2006 survey, more than one-quarter of the respondents were able to estimate the City's portion of the tax bill within five per cent. However, there is still a significant portion of the respondents who did not know, or overestimated the City's portion of the bill.

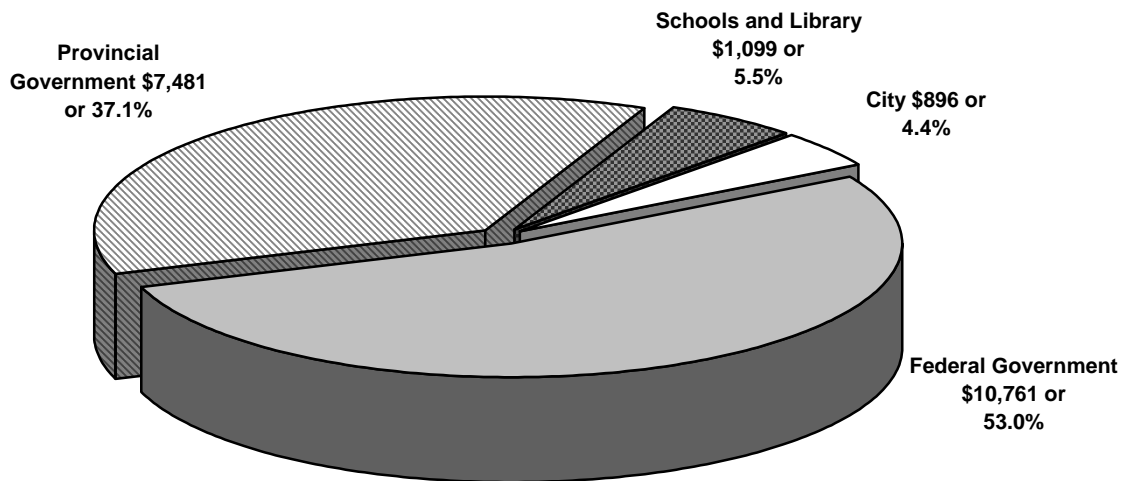
The next graph shows the distribution of property taxes in Regina for 2005.

Distribution of Property Taxes - 2005



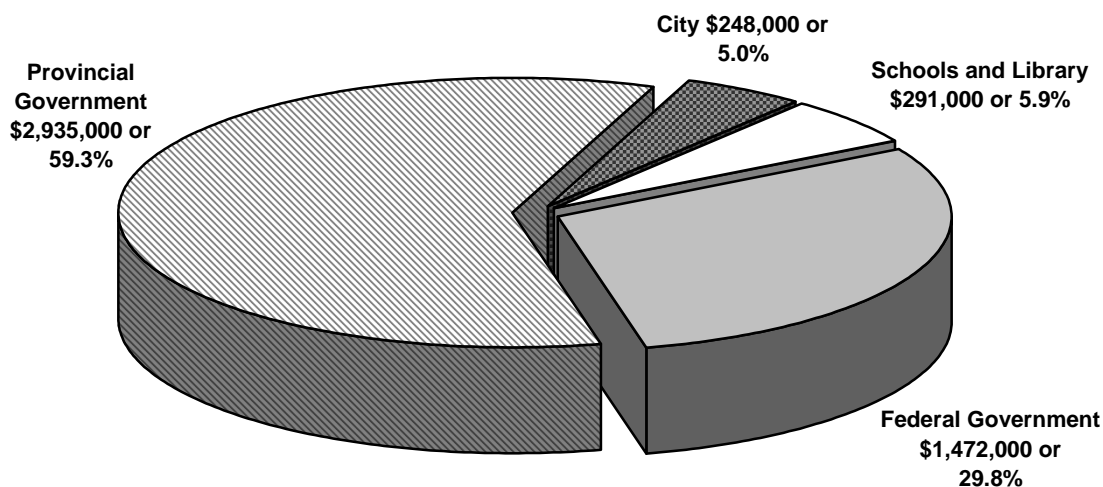
There is also a general lack of understanding about the distribution of taxes collected by the various levels of government. Governments rely on taxes as their major source of revenue. The next two graphs provide background information on the distribution of taxes between the various levels of government. The following graph is from a report prepared for the City of Regina by SaskTrends Monitor. The distribution of taxes is for Regina residents (for a household), and does not reflect the taxes paid or generated by commercial activity.

Distribution of Taxes Paid by Regina Residents
(Taxes per household of \$20,147 – 2000 Data)



The next graph is from another report prepared by SaskTrends Monitor for the City of Regina. The report estimated the ongoing taxes generated by a major retail development.

Distribution of Ongoing Taxes - Sample New Retail Development
(Total Taxes of \$4,946,000)



The recent increases in funding provided by the Federal and Provincial Governments are positive steps toward recognition of the imbalance in the distribution of total taxes paid within the community.

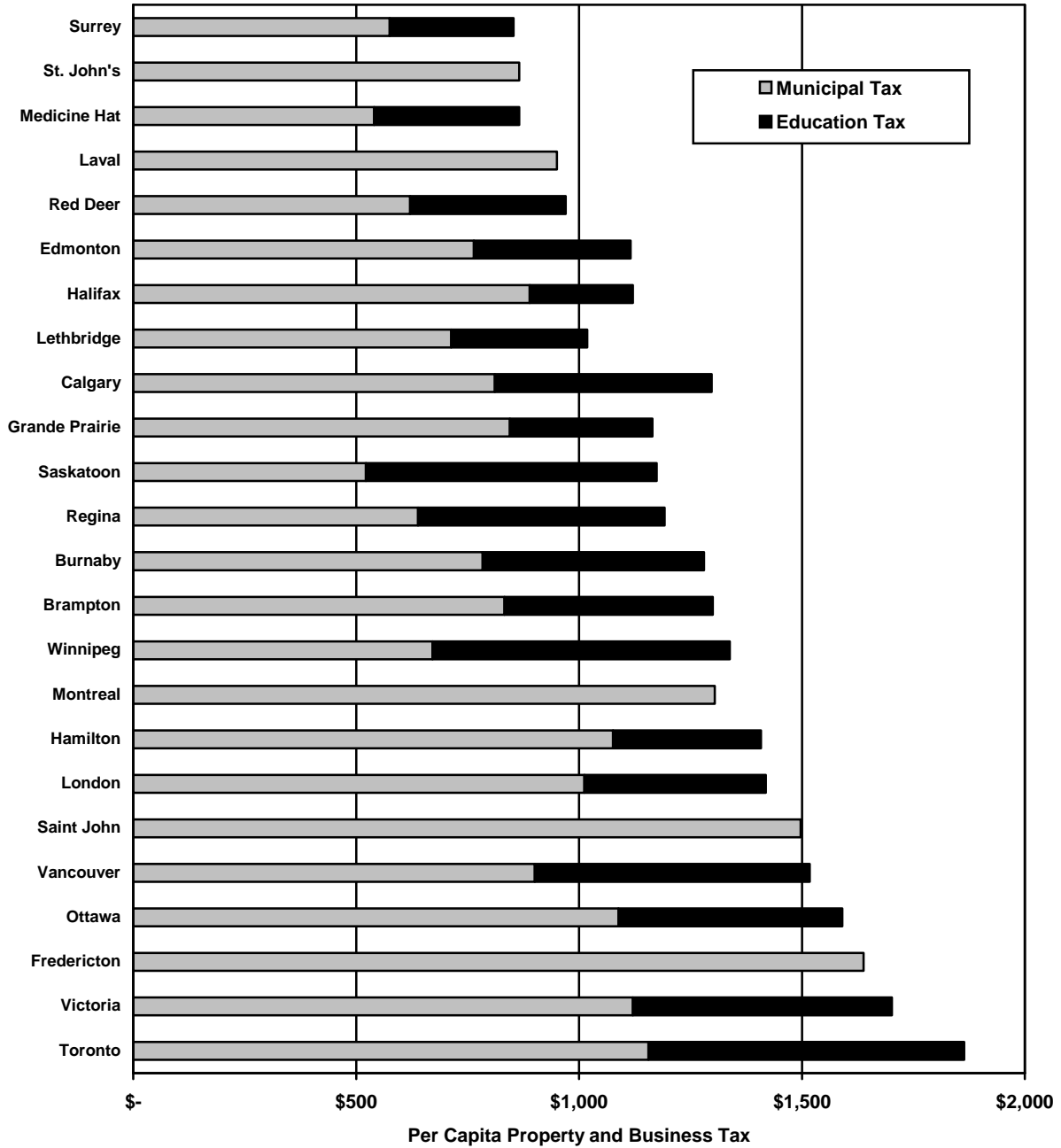
Another challenge for the City is with respect to perceptions about the level of property taxes in Regina as compared to other cities, as well as the relative share of education funding on the property tax base. Each year the City of Edmonton conducts a property tax survey. The survey compares the property taxes on a sample property, and also collects information on the total property and business taxes collected. Points to note with respect to the per capita tax information are:

- **For the total tax levy per capita, Regina is 15th out of 24 cities.** For this calculation, the total tax levy includes both property and business tax. Several of the cities (St. John's, Edmonton, Calgary and Winnipeg) levy a business tax.
- **For municipal and other property taxes (excluding school taxes) per capita, Regina ranked 9th out of 24 cities.**
- For education property taxes per capita, Regina ranked 21st out of 24 cities.

Regina's per capita taxes are lower than the average of the 24 cities for all per capita tax measurers other than education taxes per capita.

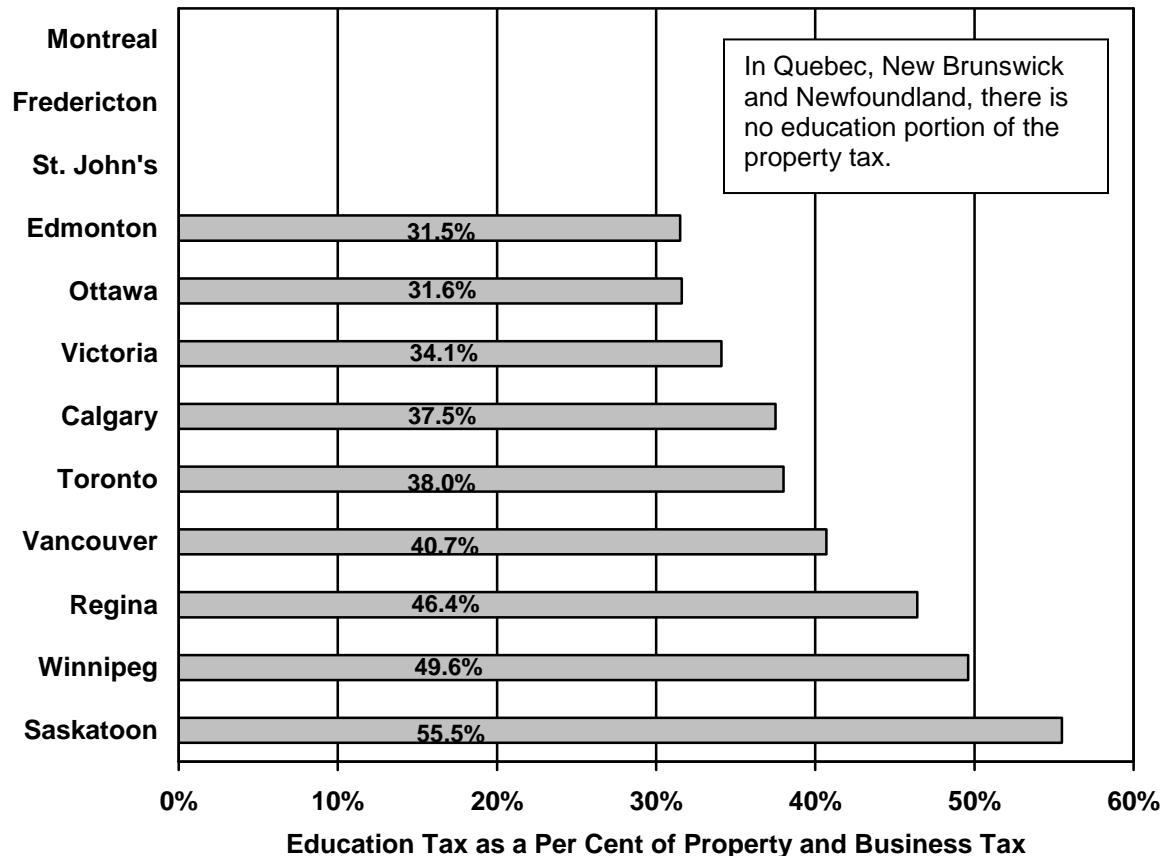
The next graph provides information on the per capita property and business taxes (municipal and education) for the cities that participated in the 2005 City of Edmonton Tax Survey.

Per Capita Property and Business Tax
 (Data from 2005 City of Edmonton Tax Survey)



In Saskatchewan, the education share of property taxes is higher than other provinces, creating added pressure on property tax levels. The portion of local taxes (property tax and for some cities a business tax) used to fund education costs varies significantly from city to city. The following graph compares the percentage of the total property and business tax dedicated to education in various cities. The information is taken from the 2005 City of Edmonton Tax Survey.

Education Share of Property and Business Taxes – 2005



The Province has implemented an Education Property Tax Credit for 2005 and 2006. The tax credit will reduce the education taxes by 8%, subject to a limit of \$2,500 on commercial/industrial and multiple family residential properties. In 2006, the Province announced an increase in the tax credit for agricultural land to 38%. There is minimal impact on Regina as municipal taxes on agricultural land in Regina total about \$13,000 for 2006. However, this is a favourable development as it provides recognition of the issue as a provincial issue.

Overall, Regina, like other cities, struggles with a revenue base that is limited both in terms of its diversity and growth potential. Specifically:

- External revenues such as gas and electrical revenues account for about 15.2% of total revenues. The City has no control over these revenues as the Province also sets gas and electrical rates. These rates are the major determinant in the level of gas and electrical revenues received by the City. While recent rate increases have added to City revenues, the markets are extremely volatile, and rate increases increase the costs for residents and businesses in Regina.

- Operating grants from the Provincial and Federal Governments account for 7% of 2006 revenues. **The recent increase in revenue sharing has been a positive development;** however, the City has no control over the level or timing of these revenues.
- The remaining revenues (licenses, levies, fines, fees and charges, interest, tax penalties, and internal transfers) account for about 22.8% of total revenues. While the City has increased fees and charges in recent years, there are increasing concerns about the level of fees, and fee increases have not necessarily resulted in overall higher revenues.

2006 Budget Gap – Balancing the Budget

The budget gap is the difference between the projected revenues for the year and the projected expenditures. After an initial review of the budget submissions from Departments, and incorporating the budget request from the Board of Police Commissioners, **the initial budget gap for 2006 was about \$10.7 million.** If there were no change in projected revenues or expenditures, a mill rate increase of about 10% would have been required.

The reasons for the gap included:

- **Expenditure increases of \$13.8 million** or about 6.8%. The projected increase in expenditures included:
 - An increase in the operating expenditure budget for the Police of about \$2.6 million, partially offset by a \$312,000 decrease in the required capital contribution and an increase in Police revenues of \$617,900.
 - About \$2.5 million net increase for requested specials and additions, including about \$1.1 million in additional funding for the winter road maintenance program.
 - Increases for salary and benefit costs.
 - A proposed increase of \$1.5 million in current contributions to capital, based upon the 2006 contribution reflected in the 2005 – 2009 general capital budget.
 - About \$1.2 million in other cost increases, such as the increased cost for fuel. This change included a \$475,000 reduction in electricity costs for street lighting due to a reduction in the rate charged by Sask Power.
- Increases in revenue from property taxes of about \$1,447,000 and from electrical and gas distribution of about \$1,705,000 were significantly higher than previous years. There were also minimal increases in other revenue sources including parking meter fees and court fines, bringing the increase to \$3.1 million. **The increases in revenues were not sufficient to cover the increases in expenses.**

Given the magnitude of the initial budget gap, the Administration undertook to reduce the budget gap. The steps taken to reduce the gap included:

- **Revise the plan to increase the funding for winter road maintenance.** The initial request included a significant increase in funding for winter road maintenance to about \$3.9 million. This request was revised to an increase in the level of funding to the ten year average, after adjusting for additional roads to maintain such as Victoria Avenue East from Park Street to the city limits, transferred to the City by the Province. The revised plan resulted in the increase being spread over two years. The reduction resulting from the revised plan was \$469,000.

- **Revise the plan to increase current contributions to capital by \$1.5 million.** Instead, the increases would start in 2007.
- **A reduction in the additions and specials requested by about \$1.8 million.**
- **Review other revenues and expenditures.** The changes totalled a reduction in the gap of about \$200,000.

During the budget development process, an increase in the provincial revenue sharing grant pool was announced. As well, a one-time addition to revenue sharing was announced for the 2005/2006 provincial fiscal year. The amount of revenue the City expects to receive, subject to finalizing of the provincial budget is approximately \$3.5 million for the 2006 fiscal year.

As a result of the process implemented by the Administration and the additional provincial operating revenue, the 2006 budget gap was reduced to about \$3.2 million. The Executive Committee, at a private meeting on February 25, 2006, provided direction to the City Manager with respect to the budget to be tabled with City Council. The remaining budget was addressed through the following steps:

- **Add \$100,000 in community investment expenditure.** \$66,640 to be allocated to the Regina Arts Commission and \$33,360 to the Community Investment Review Board.
- **Reduce the proposed 2006 expenditure for Winter Road Maintenance by \$451,100 to \$3,000,000.** The reduction was considered in light of the unusually mild winter conditions in early 2006 and still provides for an increase of \$259,400 over the 2005 budget.
- **Reduce the contingency for assessment appeals by \$1.1 million.** The remaining allowance is approximately \$600,000.
- **Withdraw an additional \$1,700,500 from the General Fund Reserve.** This amount represents most of the 2005 operating surplus of \$1,772,800 and reflects a General Fund Reserve balance that, at the end of 2005, was higher than projected by about \$3.3 million primarily as a result of land sales and the 2005 operating surplus.

Budget Risks

It is important that budget choices are sustainable. From a fiscal perspective, the key consideration for City Council is the extent that the budgets are funding ongoing expenditures with ongoing revenues, and matching one-time or limited term expenditures with one-time revenues or funding sources. To the extent that budgets do not fully fund planned expenditures, or ongoing expenditures are being funded with one-time revenues, Council is shifting the budget burden to future years.

The fiscal pressure resulting from the budget gap for 2006 results from the gap between the typical growth in revenues and expenditures each year, along with the "carry forward" impact of budget decisions of prior years. These "carry forward" impacts on the 2006 budget include:

- **The 2004 and 2005 budgets did not include full funding for the contracts negotiated with civic bargaining units or for the contract resolved through binding arbitration with the fire union. As a result, the 2006 budget is impacted by the increase provided in 2004 and 2005, along with the increase for 2006.**
- **The use of a withdrawal in the amount of \$1,596,000 from the General Fund Reserve to balance the 2005 budget could be viewed as creating a situation where a similar withdrawal was necessary for 2006. The 2005 withdrawal was not necessary due to other factors that are unlikely to be repeated in 2006.**

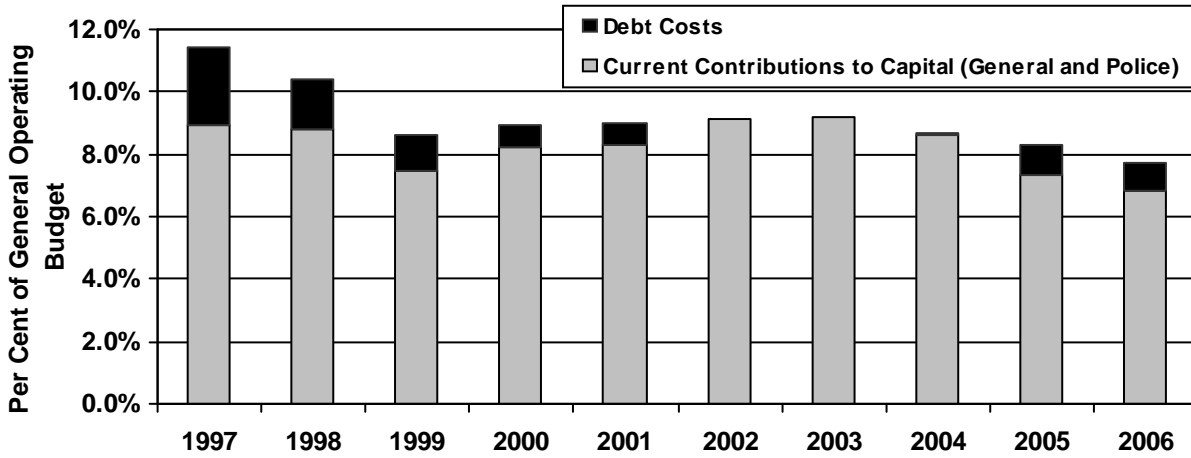
There are budget risks for 2006, including risks and challenges resulting from the steps taken to reduce the budget gap for 2006. These include:

- **There is an increased risk of an operating deficit for 2006.** The risk is higher than in prior years due to the expenditure reductions required to reduce the budget gap. Over the last 30 years, Regina has had three operating deficits. However, two of those three deficits have occurred in the last five years, including the deficit for 2004. Each year, the flexibility to address contingencies has been reduced.
- The funding plan for **winter road maintenance proposed** increases in the budget over a two-year period until the funding reaches the average cost for the last ten years, adjusted for increased responsibility such as for Victoria Avenue East. Based on this formula, the total budget for the year would be about \$3.6 million. At this level, it could be expected that the reserve could be built up in years with favourable conditions to provide the ability to deal with years with high snow removal requirements. As directed by Executive Committee, the proposed expenditure has been reduced to \$3 million for 2006, an increase of \$259,000 over the 2005 budget. While there is a Winter Road Maintenance Reserve of about \$1.5 million at the end of 2005, the reserve will not likely grow significantly even with 2006's favourable weather conditions to date; and could be depleted quickly next winter.
- **The 2005/2006 revenue sharing increase of about \$1,750,000 is not included in the revenue sharing base on an ongoing basis. The funding may not be provided in 2007 or future years.**
- **Many of the City's revenues and expenditures are subject to change due to external influences.** Many factors impact revenues and/or expenditures including the weather, the cost of fuel, interest rates, gas rates and electrical rates. There could be positive or negative variances in 2006 due to these factors.
- **The 2006 budget is based upon a potential reduction in taxes due to assessment appeals of \$600,000 which is less than the potential projected risk. Executive Committee provided direction to reduce this contingency allowance by \$1.1 million to the amount of \$600,000 at its meeting of February 25, 2006.** There is risk that the \$600,000 will not be sufficient. The actual reduction, including potential appeals outstanding at the end of the year could be higher.
- **The lack of an increase in capital funding from the General Operating Budget in 2006 is a concern.** The portion of the General Operating Budget directed towards funding of capital (current contributions to capital and debt costs) has generally declined over the past ten years. **For 2006, capital funding is about 7.8% of the total operating budget as compared to 11.4% in 1997.** While capital funding from current operations has decreased as a percentage of the total budget, capital requirements have continued to escalate as infrastructure continues to age and the capital needs of the community increase as the community grows.

The additional capital funding from the Federal and Provincial Governments have provided some relief from these pressures. However, only the federal gas tax grant has committed funding over the next four years; other programs are one-time or of limited duration, which may add to pressure in future years.

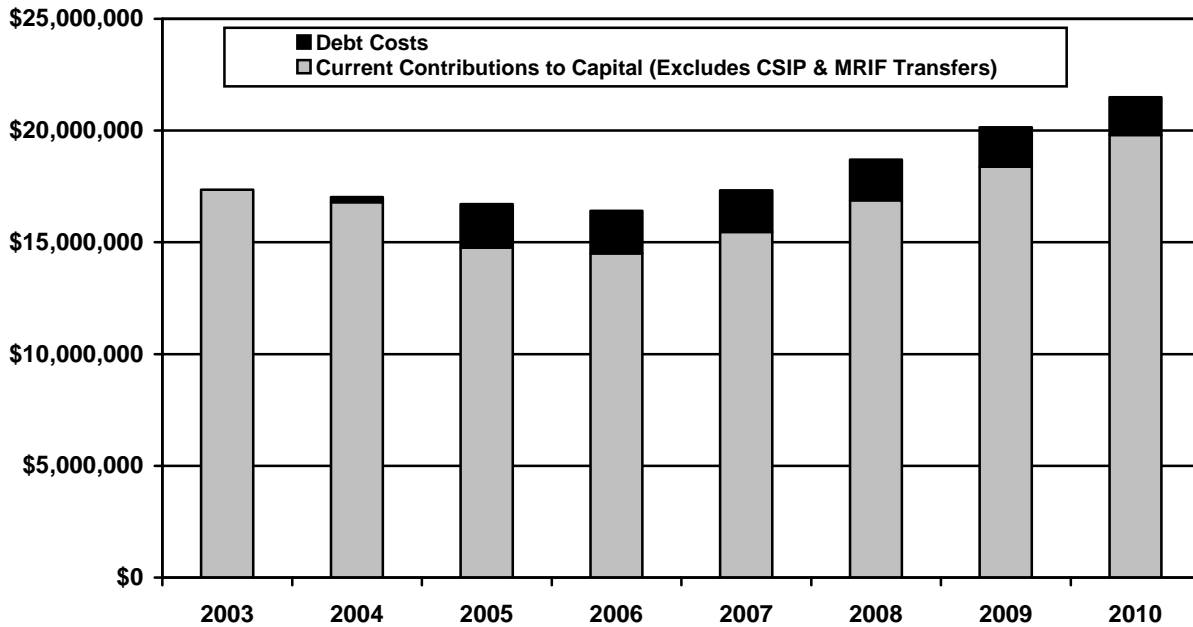
- The following graph shows the percentage of the General Operating Budget directed to capital funding since 1997. The graph shows the percentage of the General Operating Budget available to fund the capital program and the percentage of the budget for debt costs.

**Capital Funding From Current Operations – 1997 to 2006
(Per Cent of General Operating Budget)**



While the 2006 budget has a small reduction in contributions to capital (\$299,000) because of a decrease in the capital requirements of the Board of Police Commissioners, the 2006 – 2010 General Capital Program is based in part on a plan to increase the City’s current contribution to capital starting in 2007. The funding plan is shown in the following graph.

Capital Funding Plan



- The use of a withdrawal in the amount of \$1,700,500 from the General Fund Reserve to balance the 2006 will put added pressure on the 2007 budget. In addition, **the City's reserve balances have decreased significantly over the last four years.** The next table is a summary of the City's reserve balances for the last three years. There was a substantial decrease in the overall reserve balances of about \$21.4 million from 2002 to 2004, with a small decrease in the past year.

Reserve Balances (\$000's)

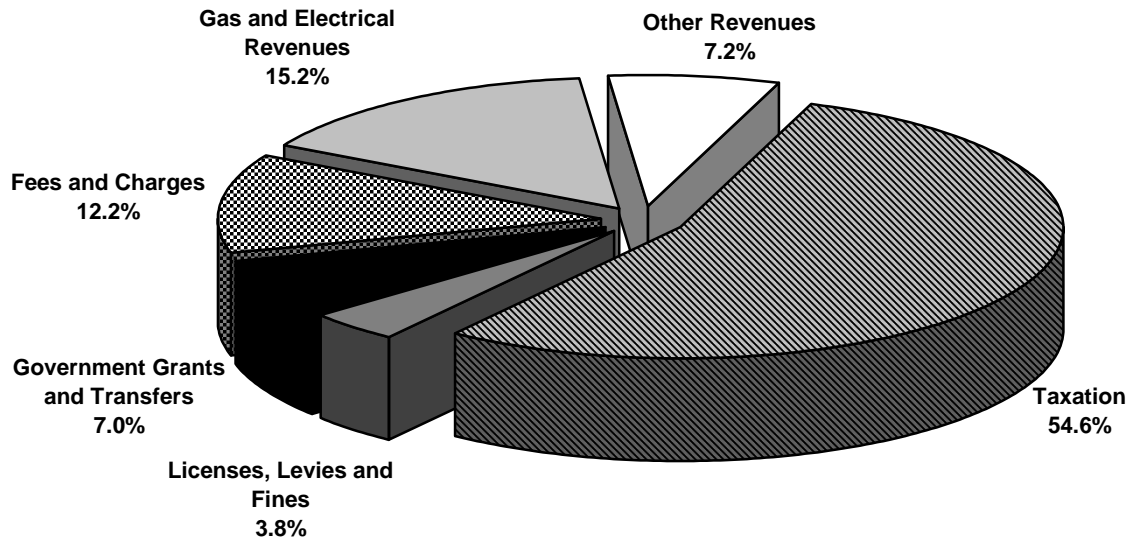
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Reserves:				
General Fund Reserve	19,863	18,898	8,490	10,414
General Utility Reserve	5,693	6,175	6,981	5,118
Subtotal	<u>25,556</u>	<u>25,073</u>	<u>15,471</u>	<u>15,532</u>
Specific Purpose Reserves:				
Landfill Reserve	7,588	6,841	7,177	9,300
Equipment Replacement Reserve	9,477	4,989	2,409	1,353
Winter Road Maintenance Reserve	3,435	3,452	2,502	1,427
Social Development Reserve	1,292	1,292	1,075	948
Cultural Heritage Special Capital Reserve	1,039	557	-	-
Other Reserves	3,063	2,970	2,475	2,448
Subtotal	<u>25,894</u>	<u>20,101</u>	<u>15,638</u>	<u>15,476</u>
Reserve Totals	<u><u>51,450</u></u>	<u><u>45,174</u></u>	<u><u>31,109</u></u>	<u><u>31,008</u></u>

General Operating Revenues

Operating Revenue Summary (\$000's)

<u>Revenue Category</u>	<u>2005 Budget</u>	<u>2005 Actual</u>	<u>2006 Budget</u>	<u>Change 2005 to 2006</u>	
				<u>Dollar Change</u>	<u>Per Cent Change</u>
Taxation	112,837.9	112,557.1	115,464.2	2,626.3	2.3
Government Grants and Transfers	11,371.3	11,459.5	14,813.1	3,441.8	30.3
Licenses, Levies and Fines	8,068.2	8,291.9	8,093.5	25.3	0.3
Fees and Charges	24,781.9	25,066.2	25,846.1	1,064.2	4.3
Other Revenue	44,811.3	46,141.4	47,367.0	2,555.7	5.7
Total	201,870.6	203,516.1	211,583.9	9,713.3	4.8

2006 Operating Revenues



Highlights with respect to the 2006 revenue budget are:

- **There is an increase in the Revenue Sharing Grant for 2006 resulting from a \$12.2 million one time addition for this fiscal year and an ongoing \$12.2 million increase to the revenue sharing funding pool for Municipalities in Saskatchewan.** Specific details and the basis for allocation are to be confirmed in the Provincial 2006/2007 budget.

The estimated increase for Regina is about \$1,750,000 on an ongoing basis plus about \$1,750,000 for 2006 only.

- **Gas and electrical revenues are projected to increase by \$1,705,000.** The projected increase is based on the actual revenues in 2005. No further rate changes are assumed in the projections. The natural gas market is extremely volatile so significant variances may occur.

- **The transfer from the General Fund Reserve is \$2,272,600.** The 2006 transfer is to fund 2006 reassessment costs (\$169,000), the implementation of a new maintenance management system (\$252,000) and costs for the civic election (\$151,100) and a general transfer of \$1,700,500.
- **The utility surplus transfer for 2006 is \$4,672,000, an increase of \$168,100 over 2005.** The budget retains a transfer of \$675,000 from the Water and Sewer Utility related to the additional GST rebate implemented by the Federal Government in 2005.

The following table is a detailed list of 2006 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, although there may be some restrictions in legislation or regulations. For some revenue sources (gas revenues, electrical revenues, interest earnings and government grants), City Council has no control over the revenue generated.

General Operating Revenues					
Revenue Source	Factors Determining the Amount of Revenue	Does the City Control?	2006 Budget	Per Cent of Total	Cumulative Percentage
Property Taxes (including supplementary taxes)	Assessment Growth Mill Rates	No Yes	\$ 106,397,000	50.7%	50.7%
Electrical Revenues	Formula for Transfers Electrical Rates Consumption	No No No	22,730,000	10.8%	61.5%
Government Grants and Transfers (includes Police & Lotteries)	Government Policy	No	18,520,200	8.8%	70.4%
Gas Revenues	Payment In Lieu Rate Natural Gas Rates Consumption	No No No	9,395,000	4.5%	74.9%
Grants-In-Lieu of Property Taxes	Assessment Growth Mill Rates Government Policy	No Yes No	7,467,200	3.6%	78.4%
Community and Leisure User Fees	Amount of Fee Amount of Use	Yes No	6,984,400	3.3%	81.7%
Transit and Paratransit User Fees	Amount of Fee Amount of Use	Yes No	5,500,600	2.6%	84.4%
Utility Surplus Transfer	Transfer Rate Calculation Base	Yes Yes	4,672,000	2.2%	84.0%
Waste Collection and Disposal Fees	Amount of Fee Amount of Use	Yes No	4,312,800	2.1%	86.4%
Interest Earnings	Interest Rates Cash Balances	No No	4,050,000	1.9%	88.3%
Fines	Fine Amount Number of Infractions Level of Enforcement	Yes No Yes	3,680,000	1.8%	90.1%
Recovery of Administrative Costs (Utility, Pension Plans & BPWAB)	City Council Policy	Yes	2,982,400	1.4%	91.5%

General Operating Revenues (Continued)					
Revenue Source	Factors Determining the Amount of Revenue	Does the City Control?	2006 Budget	Per Cent of Total	Cumulative Percentage
Paved and Gravel Alley Special Tax	Tax Levy Rates Alley Lengths	Yes No	2,761,800	1.3%	94.3%
Other Revenue or Fees	Amount of Fee Amount of Use	Yes No	2,093,100	1.0%	95.3%
Recovery From Other Taxing Authorities (net of cancellations)	Transfer Rate Calculation Base	No No	1,600,000	0.8%	96.0%
Transfers From Reserves	Council Policy Availability of Reserves	Yes No	2,272,600	1.1%	97.1%
Penalties on Taxes	Penalty Rates Outstanding Taxes	Yes No	1,265,000	0.6%	97.7%
Parking Meter and Permit Fees	Amount of Fee Number of Meters Amount of Use	Yes Yes No	1,274,000	0.6%	98.3%
Cemetery Fees	Amount of Fee Amount of Use	Yes No	864,300	0.4%	98.7%
Building Permit & Inspection Fees	Amount of Fee Number & Value of Permits	Yes No	943,800	0.4%	99.1%
Business and Taxi Licenses	License Fee Number of Licenses	Yes No	792,000	0.4%	99.5%
Amusement Tax	Tax Rate Ticket Prices Number of Tickets Sold	Yes No No	525,000	0.2%	99.8%
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 No	166,000	0.1%	100.0%
2005 General Operating Revenue			211,583,900	100.0%	

Each budget process involves choices with respect to costs (services provided, service costs and the 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. The Federal Government will provide municipalities 1.5 cents per litre of the Federal fuel tax starting in 2005, increasing to 5 cents per litre in 2009. In Alberta, Calgary and Edmonton each receive 5 cents per litre for every litre of gasoline sold in the city. In Ontario, the Province provides 2 cents per litre in 2006.

In Manitoba, the 2005 Provincial budget provided additional funding for municipalities. Municipal transit operating grants will increase by 15%; a new Casino Revenue Sharing Agreement (5% of casino revenues for 2005 increasing to 10% for 2006) will fund 20 new police officers in Winnipeg; VLT revenue grants to municipalities will increase by \$3.9 million; and, annual support for municipal streets and roads will increase by 20% in Winnipeg and 15% outside Winnipeg.

City Council could seek additional grant funding from the senior governments. The Province has increased funding through the Revenue Sharing Grant Pool in the last three years.

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 generates new property taxes, there is no increase in property taxes from growth in the assessed value of properties based on market appreciation.

- 3. New or increased user fees and charges, fines and license fees.** Significant rate decisions made in recent years that are reflected in the 2006 budget projections include:

- A fee schedule (Report CR03-171) for community and leisure services for the 2003 to 2007 period.
- Increased landfill rates (Report CM03-15) for 2003 to 2006.
- Increased transit fares for 2006 (Report CM04-3 and Bylaw 2004-26).

- 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 license fees 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.
- *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 reconstruction 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	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Municipal Property Tax	102,907.2	101,981.2	105,597.0	2,689.8	2.6
Payments and Grants in Lieu of Tax	7,530.7	7,805.3	7,467.2	(63.5)	(0.8)
Total Property Tax	110,437.9	109,786.5	113,064.2	2,626.3	2.4
Supplementary Property Tax	800.0	873.9	800.0	-	-
Recovery from Other Taxing Authorities	2,000.0	1,941.7	2,000.0	-	-
Tax Cancellations	(400.0)	(45.0)	(400.0)	-	-
Total	<u>112,837.9</u>	<u>112,557.1</u>	<u>115,464.2</u>	<u>2,626.3</u>	<u>2.3</u>

The 2006 budget for property taxes and grants in lieu of property taxes is about \$113 million, an increase of about \$2.6 million over the 2005 budget. The key assumptions or factors that impact the budget are:

- **There is no increase in the municipal mill rate for 2006.** The mill rate for 2006 is 17.6987, the same as 2005.
- The 2006 preliminary assessment roll is \$6,421,017,300. The assessment roll was reviewed for potential risk due to corrections and assessment appeals using preliminary information obtained from appeals filed by the deadline of February 22, 2006. Based upon that review, there is a risk of reduction in the assessment roll ranging from about \$72 million to a worst case scenario of \$98 million. This would be equivalent to a reduction in tax revenues of about \$1.7 million to \$2.3 million. **Executive Committee provided direction to reduce this contingency allowance to the amount of \$600,000 at its meeting of February 25, 2006. The 2006 budget is based upon a potential reduction in taxes of \$600,000, which is less than the potential projected risk.**

There is risk that the \$600,000 will not be sufficient. The actual reduction, including potential appeals outstanding at the end of the year, could be higher.

The following table details the property tax and grants in lieu of tax revenue (budget and actual) for the last five years. The property tax revenue includes supplementary taxes.

Tax Revenue (\$000's)	2001	2002	2003	2004	2005
Property Tax:					
Budget	90,781.9	96,522.6	98,184.3	99,286.7	102,907.2
Actual	91,051.5	94,573.0	95,036.5	95,734.6	101,981.2
Variance	269.6	(1,949.6)	(3,147.8)	(3,552.1)	(926.0)
Grants In Lieu of Property Tax:					
Budget	7,586.0	7,885.4	8,456.3	7,739.4	7,530.7
Actual	7,990.2	7,863.4	8,051.3	7,574.2	7,805.3
Variance	404.2	(22.0)	(405.0)	(165.2)	274.6

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. **In four of the last five years, actual tax revenues have been less than the budget.**

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, over the last ten years. There have been reassessments in 1997, 2001 and 2005. 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, 2001 and 2005 in the following table is based on the 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
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	-	1.8795	-	39.0638	-
2002	18.4194	4.33%	19.7247	1.00%	1.9077	1.50%	40.052	2.53%
2003	18.6212	1.10%	19.7247	-	1.9745	3.50%	40.320	0.67%
2004	18.6212	-	19.7427	-	1.9745	-	40.338	-
2005	17.6987	4.00%	18.0264	-	1.8045	3.00%	37.5296	1.99%
2006	17.6987	-	18.5528	2.92%	1.9320	2.92%	38.1835	1.74%
Average Increase - 1997 to 2006		1.27%		0.68%		1.38%		0.99%

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 2003.

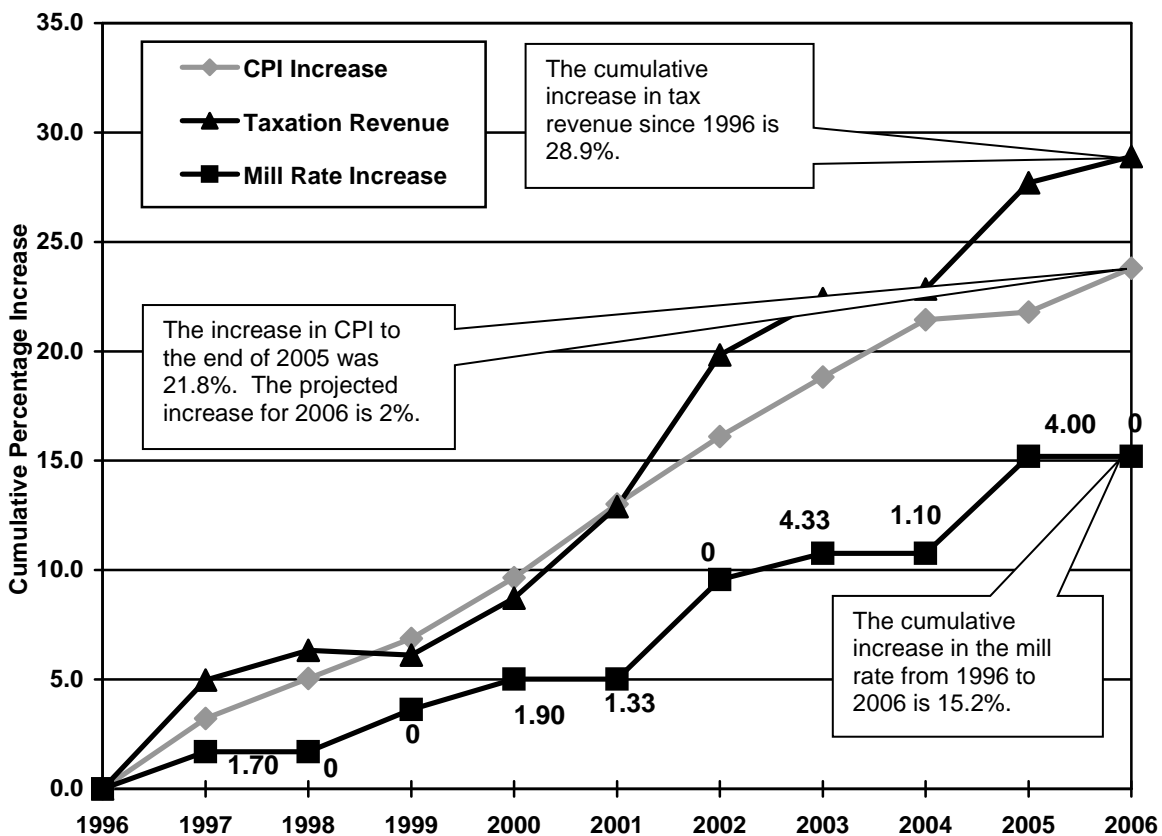
Mill Rate Factors

Property Class/Subclass	2003	2004	2005	2006
Residential (including condominiums)	0.8789	0.8789	0.83423	0.84113
Multiple Family Residential	1.2693	1.2693	1.27557	1.19420
Commercial and Industrial	1.1900	1.19768	1.34557	1.34557
Exterior Hotels	na	0.61763	na	na
Golf Courses	na	0.7800	0.94826	0.94826
Agriculture	1.1900	1.1900	1.34557	1.34557

In 2004, City Council directed that a Tax Policy be implemented to bring all residential taxes to a single rate over a five-year period beginning in 2006. Prior to 2005, the relative tax rate for Multiple-Family residential versus Other Residential property was 1.44, or about 30% higher. The impact of the Tax Policy change is an increase in the mill rate factor for Residential (including condominiums) of 0.8%; and a decrease in the mill rate factor for Multiple Family Residential of 6% of 2006. This will continue until 2010 when the mill rate factors will be equalized.

The following graph compares the cumulative change since 1996 in the mill rate, total tax revenue and consumer price index.

Municipal Mill Rate Increase, Tax Revenue Increase and CPI Increase
(Cumulative Increase Since 1996)



Property Assessment

Taxable assessment for a property is the fair value assessment determined in accordance with legislation and the Saskatchewan Assessment Manual multiplied by the provincial percentage set by the Province. For 2006, the provincial percentages are:

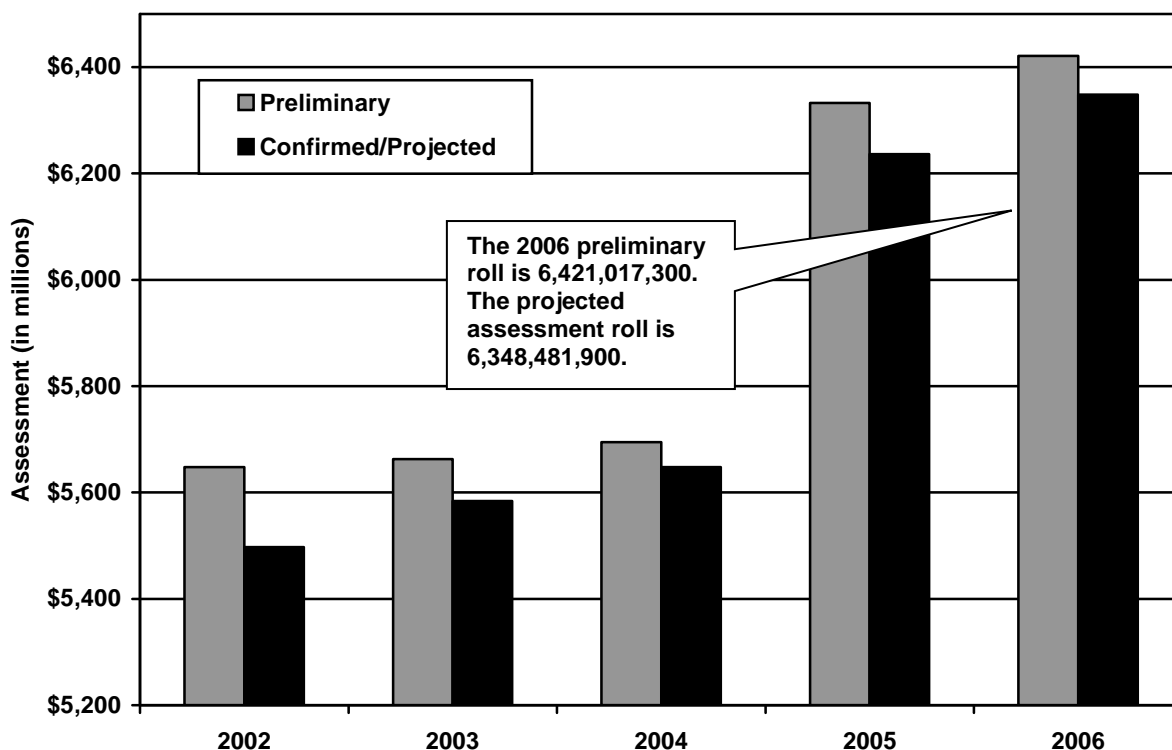
- 70% for all residential property, including condominiums and multi-unit residential property;
- 40% for non-arable land and 55% for other agricultural property;
- 75% for elevators, rail right of ways and pipelines; and,
- 100% for all other commercial and industrial property.

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. This includes changes due to assessment appeal decisions of the Board of Revision and/or SMBAAC; additions to the assessment roll resulting from new construction 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.

Property Assessment (Taxable and Grant-in-lieu)



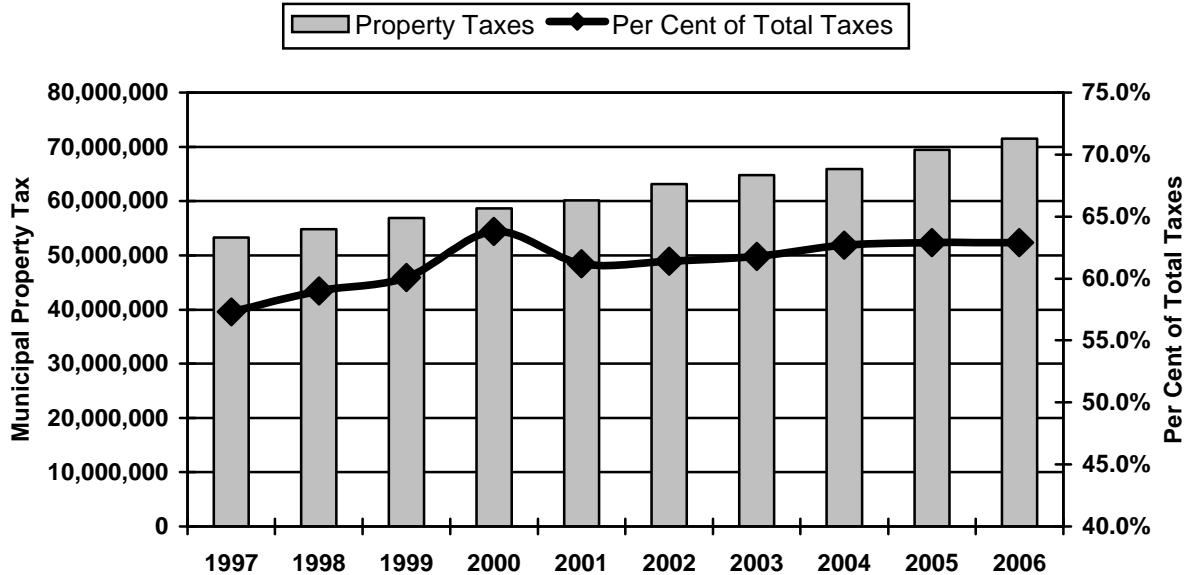
Note – Assessments for 2002 – 2004 are valued with a base year of 1998. The 2005 – 2006 assessment is valued with a base year of 2002.

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. **At the direction of Executive Committee, the 2006 budget does not include the full reduction in taxes reflected in the projected assessment roll. Actual tax revenues may be lower than the budget. 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.** The contingent liability for assessment appeals outstanding at December 31, 2005 is about \$6.1 million. The risk is with respect to appeals for the years 2001 to 2005.

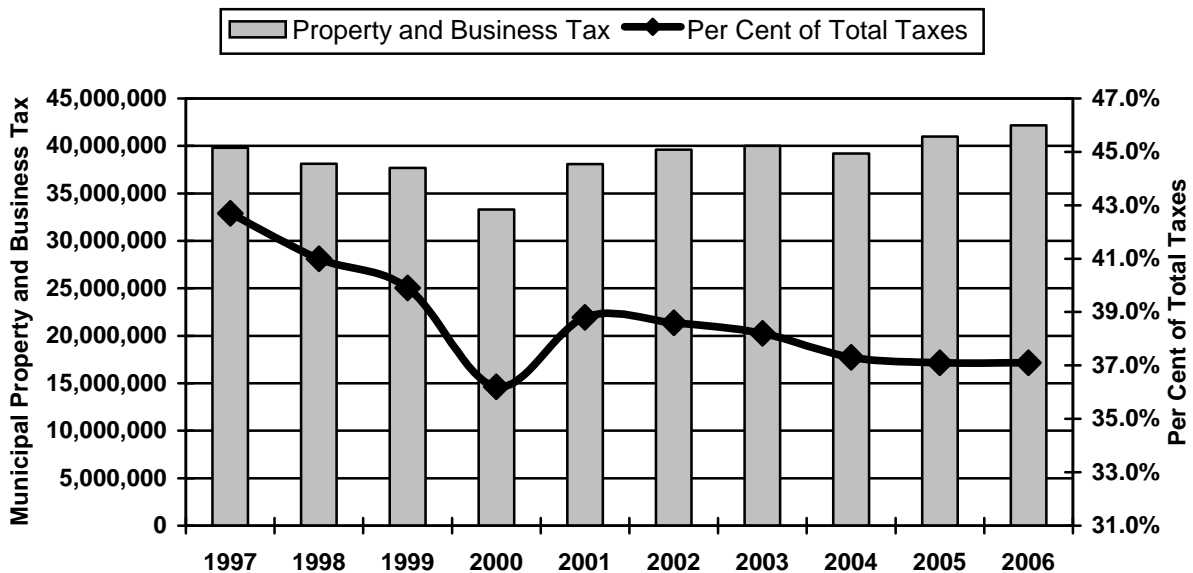
Tax Distribution

The next two graphs provide information on the changes in the distribution of taxes in Regina since 1997. 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 taxes for 2006 are based on the projected assessment. The graphs show the total taxes and percentage of total taxes since 1997.

Municipal Property Tax – Residential Properties



Municipal Property Tax – Commercial, Industrial and Other Properties



Government Grants and Transfers

Operating Revenue Summary (\$000's)

Revenue Source	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Revenue Sharing Grant	9,508.3	9,508.3	13,000.0	3,491.7	36.7
Paratransit Grant	900.0	939.2	900.0	-	-
Other Grants:					
Mosquito Control Grant	281.1	280.1	280.1	(1.0)	(0.4)
Dutch Elm Disease Grant	20.0	20.0	20.0	-	-
Discount Transit Pass Grant	234.0	268.8	300.0	66.0	-
Urban Aboriginal Leadership Program	35.0	70.0	-	(35.0)	-
Inner City Community Partnership	42.0	21.7	55.0	13.0	-
Cultural Capitals of Canada Grant	338.0	312.8	23.0	(315.0)	-
Defibrillator Training Grant	12.9	12.9	-	(12.9)	-
National Literacy Secretariat Grant	-	-	5.0	5.0	-
Act Solutions For Regina					
Regina Solar Affordable Housing Project	-	-	10.0	10.0	-
Core Sustainable Neighborhood Feasibility Study	-	-	220.0	220.0	-
In Motion Grant	-	24.5	-	-	-
Crime Prevention Week	-	1.0	-	-	-
Crime Prevention Initiative	-	0.2	-	-	-
Total	11,371.3	11,459.5	14,813.1	3,441.8	30.3

Revenue Sharing Grant

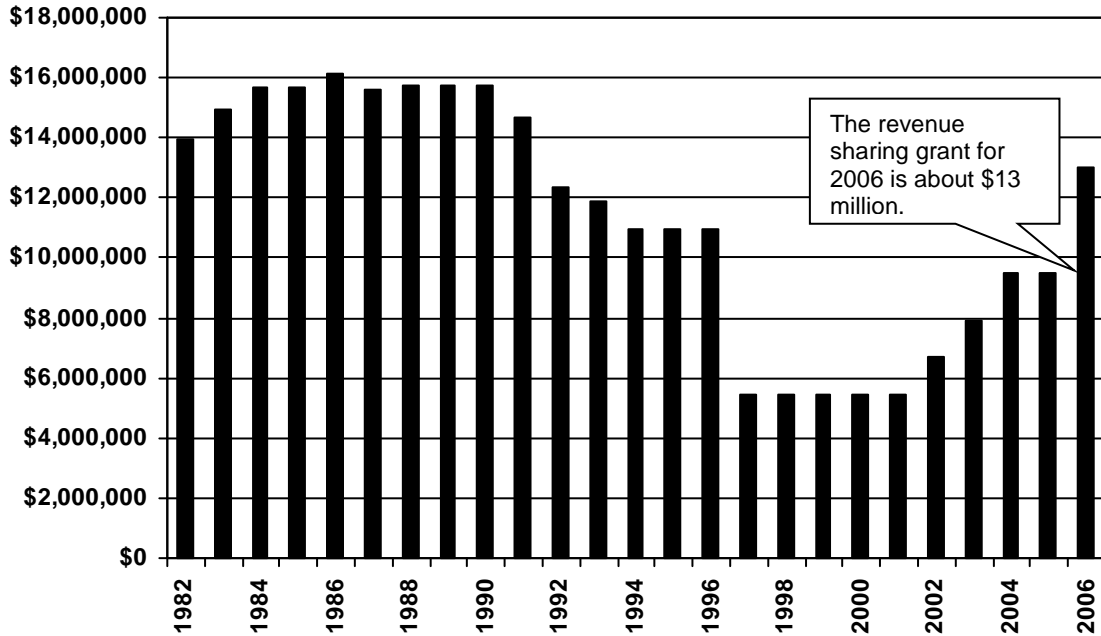
For 2006, funding for Regina from the Provincial Revenue Sharing grant is approximately \$13 million. This represents an increase of almost \$3.5 million from 2005. The increase is the result of:

- An addition to the Provincial Revenue Sharing Pool provided to Saskatchewan municipalities of \$12.2 million on an ongoing basis. The estimated increase for Regina is about \$1,750,000; and
- A one-time addition to the Provincial Revenue Sharing Pool for municipalities of \$12.2 million for 2006 only. The estimated allocation to Regina for 2006 is about \$1,750,000.

The specific details and amounts are yet to be confirmed in the 2006/2007 Provincial Budget.

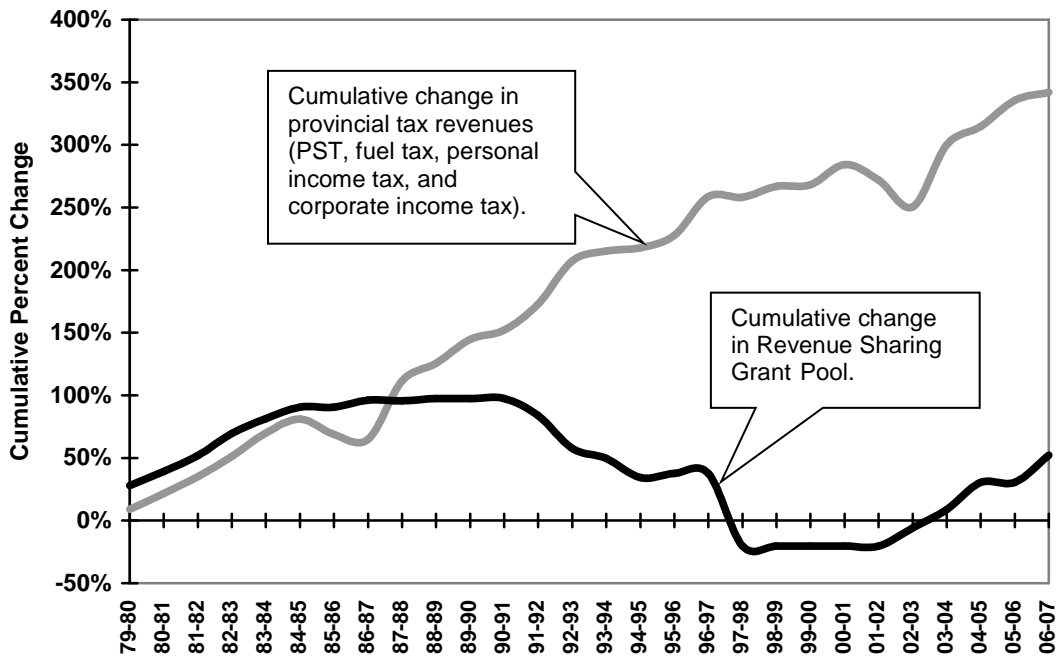
These increases represent a significant step in addressing the fiscal imbalance that resulted from the reductions in revenue sharing that occurred throughout the 1990's. The following graph shows the annual revenue sharing grant received by Regina since 1980:

Regina's Revenue Sharing Grant



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



Note: The 2006 change in provincial tax revenues is based on information provided in the Provincial 2005-06 mid year Financial Update.

Even with the increases in 2006, Regina's Revenue Sharing Grant is less than the amount received in 1990, without considering the impact of inflation. However, in recent years the Province has increased funding for Revenue Sharing grants. It is important that this trend continues.

In 1990, the Revenue Sharing Grant accounted for 11.1% of the total general operating revenue budget. In 2006 the grant accounts for 6.1% of the total general operating revenue.

The following table shows the distribution of the revenue sharing grants for urban and rural municipalities in 1990 and 2005. The 2006 distribution is not yet available. Even with the 2006 increase Regina and Saskatoon continue to receive significantly less than smaller centres and rural municipalities on a per capita basis.

	<u>Distribution of Revenue Sharing Grant Pools</u>					
	<u>1990</u>			<u>2005</u>		
	<u>Amount</u>	<u>Per Cent of Total</u>	<u>Per Capita Grant⁽¹⁾</u>	<u>Amount</u>	<u>Per Cent of Total</u>	<u>Per Capita Grant⁽¹⁾</u>
Urban Municipalities						
Regina	\$ 15,727,000	15.3	\$ 87.77	\$ 9,508,304	12.2	\$ 53.35
Saskatoon	15,860,400	15.5	85.24	10,430,983	13.4	53.00
Other Cities	10,663,800	10.4	68.68	9,812,633	12.6	64.09
Towns and Villages	19,904,500	19.4	88.71	14,357,080	18.4	66.14
Subtotal	62,155,700	60.6	83.44	44,109,000	56.5	59.19
Rural Municipalities	40,460,000	39.4	192.83	33,961,000	43.5	180.81
	<u>\$ 102,615,700</u>	<u>100.0</u>	<u>107.47</u>	<u>\$ 78,070,000</u>	<u>100.0</u>	<u>83.67</u>

Note 1: The census populations for 1991 and 2001 are used to calculate the per capita grants for 1990 and 2005.

The 2006 increase and one-time funding are proposed to be distributed on a per capita basis within the pool for the urban municipalities. This is an additional positive step in addressing the inequities in the Revenue Sharing formula.

Paratransit Grant

For 2006, the **Paratransit Grant** is projected to be \$900,000, no change from the 2005 budget. The 2006 grant is not final and could change as a result of the final calculation by the Province.

The Province's Transit Assistance for the Disabled program provides operating and capital grants to transportation programs such as Regina's paratransit system. When the grant program was first implemented, the program funded 50% of the net operating cost of the paratransit program and 75% of the capital cost. The operating grant has been converted to a performance-based grant with the level of funding linked to the number of trips.

The paratransit grant has not kept pace with service needs and costs. The following table provides information on the operating grants since 2001.

Paratransit Service (\$000's)	2000	2001	2002	2003	2004	2005	2006
Provincial Operating Grant	710.0	710.0	856.6	930.5	897.9	939.2	900.0
City's Operating Contribution	822.6	1,056.4	1,308.3	1,247.4	1,380.3	1,461.0	1,639.5
Total Contributions	1,532.6	1,766.4	2,164.9	2,177.9	2,278.2	2,400.2	2,539.5
Provincial Operating Grant	46.3%	40.2%	39.6%	42.7%	39.4%	39.1%	35.4%
City's Operating Contribution	53.7%	59.8%	60.4%	57.3%	60.6%	60.9%	64.6%
Total Contributions	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The Province's contribution has dropped from the initial target of 50% to less than 40% of the net operating cost of the program. Based on the projections for 2006 the contribution will be about 37%. The City supported the move to a performance-based system for providing the operating grants. The concern however is that the level of provincial funding (as a portion of the net cost of the program) is declining due to funding for the program not increasing, and costs of delivering the program continue to increase. The level of funding for Regina is also adversely impacted if there is more rapid growth in the number of trips in other communities. While it is reasonable that communities with an increasing number of trips should receive additional funding, the additional funding should come from an increase in the total grant pool, not by reducing the provincial contribution per trip.

Other Grants

The total for other grants for 2006 is \$913,100. 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. Other grants are conditional grants linked to specific projects or initiatives. Most of the grants are one-time grants that will not be received from year to year. Some of the grants, such as those for the control of Dutch Elm Disease, the Mosquito Control Grant or the Discounted Transit Pass Grant are programs that could extend for several years, although there is no specific commitment from the Province with respect to the timeframe for the grants.

Licenses, Levies and Fines

Operating Revenue Summary (\$000's)

Revenue Source	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Licenses					
Business Licenses	750.0	835.3	750.0	-	-
Taxi Licenses	42.0	38.8	42.0	-	-
Levies and Other Taxes					
Paved and Gravel Alley Special Tax	2,741.5	2,534.0	2,761.8	20.3	0.7
Local Improvement Levy	334.7	345.3	334.7	-	-
Amusement Tax	700.0	595.3	525.0	(175.0)	(25.0)
Fines					
Court Fines	2,100.0	2,530.9	2,400.0	300.0	14.3
Parking Tickets	1,400.0	1,412.3	1,280.0	(120.0)	(8.6)
Total	<u>8,068.2</u>	<u>8,291.9</u>	<u>8,093.5</u>	<u>(198.4)</u>	<u>(2.4)</u>

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 2006 budget for business licenses is \$750,000, the same as the 2005 budget. City Council (Report CR03-220) approved increases in license fees in 2004 averaging about 19%. A 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 issued are 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 2001.

Business License Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	590.0	590.0	565.0	665.0	750.0
Actual	555.5	529.0	571.1	775.1	835.3
Variance	(34.5)	(61.0)	6.1	110.1	85.3

Paved and Gravel Alley Special Tax

Funding for maintenance and reconstruction of alleys is through a **Paved and Gravel Alley Special Tax** 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 special tax also applies to exempt properties starting in 2005. The levy assessed pursuant to The Urban Municipality Act, 1984 applied to exempt properties, but the special tax did not. Legislation was recently changed to re-instate the ability to apply the special tax to exempt properties.

The 2006 budget of \$2,761,800 is an increase of \$20,300 over the 2005 budget. The 2006 budget reflects an increase in the special tax rates of approximately 3%. There is also deferred revenue collected in prior years that will be expended in 2006.

The following table details rates for alleys and lanes since 2002. Since 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, 1984*.

Assessable Rates	2002	2003	2004	2005	2006
Paved and Upgraded Alleys	\$1.73/ft.	\$1.90/ft.	\$2.09/ft.	\$2.15/ft.	\$2.21/ft.
Gravel Alleys	\$1.12/ft.	\$1.23/ft.	\$1.35/ft.	\$1.39/ft.	\$1.43/ft.

The rate increase for 2006 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.

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.

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 2006, the projected revenue from local improvement levies is \$334,700, the same as the budget in 2005.**

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 or commission for collecting the tax.

For 2006, the projected revenue from amusement tax is \$525,000. The budget is a decrease of \$175,000 from the budget for 2005. Starting in 2004, accounting policy was revised to record the full 10% amusement tax as revenue. The amount retained by the theatres as an administrative fee is recorded as an expenditure. The administrative fee or commission for 2006 is \$64,800. The projected revenue decrease is based on actual results for 2005, reflecting a decline in theatre attendance.

The following table details the amusement tax revenue (budget and actual) since 2001.

Amusement Tax Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	380.0	380.0	420.0	525.0	700.0
Actual	411.8	475.2	522.8	770.3	595.3
Variance	31.8	95.2	102.8	245.3	(104.7)

Court Fines

The projected revenue from court fines for 2006 is \$2,400,000, an increase of \$300,000 over the 2005 budget. The increase is based on actual results in 2005.

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 2001 along with history on the number of traffic tickets issued and paid.

Court Fines Information	2001	2002	2003	2004	2005
Fine Revenue (\$000's):					
Budget	1,600.0	1,720.0	1,720.0	1,750.0	2,100.0
Actual	1,796.4	1,781.6	1,746.5	1,944.0	2,530.9
Variance	196.4	61.6	26.5	194.0	430.9
Traffic Tickets:					
Tickets Issued	23,486	20,371	19,101	24,886	n/a
Tickets Paid	18,944	18,746	18,860	22,026	n/a

Note:

1. The information on traffic tickets issued and paid is not available from the Province at this time.

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.
- An administration fee of 25% of the value of the tickets collected, plus the costs for credit and debit cards and collection agency fees. The total projected fine administration fee for 2006 is \$630,000.

These fees are budgeted under Provincial Payments in the Finance Department budget.

Parking Fines

Parking fine revenue is projected to decrease in 2006 by \$120,000 from the budget in 2005. The decrease is based on 2005 actual revenues. In 2004 City Council (Report CR03-113) increased 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 decrease for 2006 is the projected impact of fewer tickets being issued as a result of a change in Provincial policy. The Province no longer requires a licence plate on the front and

back of a car. When there was a requirement for two licence plates, tickets were issued for vehicles that did not comply with the requirement.

The next table provides a summary of the parking fine revenue since 2001 along with information on the tickets issued and paid, and other related information.

Parking Ticket Information	2001	2002	2003	2004	2005
Parking Ticket Fines (\$000's):					
Budget	970.0	1,070.0	1,172.0	1,500.0	1,400.0
Actual	1,089.8	1,165.7	1,317.2	1,431.2	1,412.3
Variance	119.8	95.7	145.2	(68.8)	12.3
Parking Tickets:					
Tickets Issued - City	71,784	76,024	69,373	68,370	69,344
Tickets Issued - Wascana/University	12,597	16,392	23,635	21,874	17,906
	<u>84,381</u>	<u>92,416</u>	<u>93,008</u>	<u>90,244</u>	<u>87,250</u>
Tickets Paid	78,675	83,906	82,065	77,882	75,770

Fees and Charges

Operating Revenue Summary (\$000's)

Revenue Source (\$000's)	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Engineering and Works Department	5,504.1	5,921.8	5,979.8	475.7	8.6
Community Services Department	9,198.1	8,813.9	9,067.0	(131.1)	(1.4)
Transit Department	5,579.3	4,990.4	5,500.6	(78.7)	(1.4)
Police Department	3,305.8	3,727.9	3,923.7	617.9	18.7
Other Fees and Charges	1,194.6	1,612.2	1,375.0	180.4	15.1
Total	24,781.9	25,066.2	25,846.1	1,064.2	4.3

Engineering and Works Fees and Charges

Revenue Source (\$000's)	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Servicing Agreement Fees	50.0	136.5	50.0	-	-
Survey Services	20.0	20.0	20.0	-	-
Sale of Maps and Prints	10.0	4.2	10.0	-	-
Street Name Signs	8.5	23.9	8.5	-	-
Cut Repairs	50.7	173.7	142.0	91.3	180.1
Claims Revenue	130.0	67.5	130.0	-	-
Parking Permit Fees	64.0	72.8	64.0	-	-
Encroachment Fees	23.0	198.2	23.0	-	-
Parking Meter Fees	1,080.0	1,206.3	1,200.0	120.0	11.1
Other Permits	4.5	2.2	4.5	-	-
Other Revenues	15.0	5.1	15.0	-	-
Landfill Charges	3,542.0	3,526.1	3,814.5	272.5	7.7
Commercial Waste Collection	268.4	267.4	308.3	39.9	14.9
Recycling Revenues	238.0	217.9	190.0	(48.0)	(20.2)
Total	5,504.1	5,921.8	5,979.8	475.7	8.6

Parking Meter Fees

The 2006 budget for parking meter revenues is \$1,200,000, an increase of \$120,000 over 2005. The increase is based on 2005 actual revenues. 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 was for regular meters. Loading zone meters are 50 cents for 15 minutes.

The following table details parking meter revenue (budget and actual) since 2000.

Parking Meter Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	870.0	850.0	983.0	1,080.0	1,080.0
Actual	813.2	932.6	1,064.2	1,095.4	1,206.3
Variance	(56.8)	82.6	81.2	15.4	126.3

Landfill Fees

The 2006 budget for landfill fees is \$3,814,500, an increase of \$272,500 over the 2005 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, \$27.50 per tonne, January 1, 2004, \$30.90 per tonne January 1, 2005 and \$33.00 per tonne January 1, 2006.

In addition to the rate per tonne increasing, the rate for cars and trucks increased beginning in 2003. The rate had been \$1.00 per vehicle, and 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 2001.

Landfill Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	2,370.0	2,385.4	2,176.9	3,262.0	3,542.0
Actual	2,416.8	2,019.8	2,175.7	3,285.3	3,526.1
Variance	46.8	(365.6)	(1.2)	23.3	(15.9)

Community Services Fees and Charges

Revenue Source (\$000's)	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Community and Leisure Services Division					
Northwest Leisure Centre	436.8	353.9	427.1	(9.7)	(2.2)
Sandra Schmirler Leisure Centre	666.3	587.9	667.6	1.3	0.2
Lawson Aquatic Centre	806.3	755.3	772.2	(34.1)	(4.2)
Fieldhouse	725.0	607.9	642.2	(82.8)	(11.4)
Outdoor Pools	137.0	123.1	131.0	(6.0)	(4.4)
Neil Balkwill Civic Arts Centre	185.7	138.1	187.7	2.0	1.1
Speed Skating Oval	0.8	3.1	0.8	-	-
Outdoor Ice	0.5	0.6	0.6	0.1	20.0
Athletic Fields	49.0	101.6	113.9	64.9	132.4
Taylor Field	201.1	213.1	211.1	10.0	5.0
Leslie Lawn Bowling Greens	17.5	17.5	17.5	-	-
Tennis Courts	1.9	1.2	1.9	-	-
Douglas Park	0.5	1.8	3.0	2.5	-
Indoor Arenas	1,225.4	1,141.0	1,200.9	(24.5)	(2.0)
Other Revenues	5.0	58.1	14.0	9.0	-
Community & Social Development Services					
Facility Rentals	162.8	151.8	172.8	10.0	6.1
Program Registration Fees	61.2	23.9	45.1	(16.1)	(26.3)
Other Revenue	6.0	-	-	(6.0)	(100.0)
Parks and Open Space Management Division					
Golf Courses	2,427.5	2,108.5	2,375.0	(52.5)	(2.2)
Cemeteries	946.6	866.7	864.3	(82.3)	(8.7)
Streetscape	5.0	19.0	5.0	-	-
Other Revenue	20.0	24.5	24.0	4.0	20.0
Bylaw Enforcement Division					
Removal of Junk	1.5	30.5	79.5	78.0	5,200.0
RRAP Inspection Fees	26.7	35.4	27.8	1.1	4.1
Building Inspections Division					
Building Permits Fees	900.0	1,290.4	900.0	-	-
Other Revenue	16.0	19.9	16.0	-	-
Urban Planning Division					
Development Application Fees	120.0	97.0	120.0	-	-
Sign Permit Fees	32.0	32.3	32.0	-	-
Other Revenue	14.0	9.8	14.0	-	-
Total	<u>9,198.1</u>	<u>8,813.9</u>	<u>9,067.0</u>	<u>(131.1)</u>	<u>(1.4)</u>

Community and Leisure Services Revenue

The following table details community and leisure services revenue (budget and actual) since 2001. The revenue includes the fees and charges for programs and services at North West Leisure Centre, Sandra Schmirler Centre, Lawson Aquatic Centre, Fieldhouse, Outdoor Pools, Neil Balkwill Civic Arts Centre, Athletic Fields, and neighbourhood centres.

Community & Leisure Revenues (\$000's)	2001	2002	2003	2004	2005
Budget	2,665.0	2,947.9	3,336.6	3,596.9	3,463.6
Actual	2,703.7	3,175.3	3,267.1	3,418.2	3,113.8
Variance	38.7	227.4	(69.5)	(178.7)	(349.8)

City Council (Report CR03-171) approved a 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 January 1, 2004, \$3.00 September 1, 2004, and \$3.30 September 1, 2005. As of September 1 for the following years, the fee increases to \$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 2006 budget for arena revenue is \$1,200,000, a decrease of \$24,500 as compared to the 2005. 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 arena revenue (budget and actual) since 2001.

Arena Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	992.1	1,019.0	1,235.3	1,262.5	1,225.4
Actual	1,090.1	1,102.7	1,135.7	1,195.2	1,141.0
Variance	98.0	83.7	(99.6)	(67.3)	(84.4)

Golf Course Revenue

The 2006 budget for golf course revenue is \$2,375,000, \$52,500 less than the 2005 budget.

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 2001.

Golf Course Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	2,186.8	2,230.0	2,474.4	2,417.7	2,427.5
Actual	2,221.7	2,048.9	2,358.6	2,214.9	2,108.5
Variance	34.9	(181.1)	(115.8)	(202.8)	(319.0)

Cemetery Revenue

The 2006 budget for cemetery revenue is \$864,300, a decrease of \$82,300 from the 2005 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 2001.

Cemetery Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	730.8	780.5	806.3	849.1	946.6
Actual	792.0	897.8	847.4	923.5	866.7
Variance	61.2	117.3	41.1	74.4	(79.9)

Building Permit Fees

The 2006 budget for building permit fees is \$900,000, the same as in 2005. The fees are established in Building Bylaw 2003-7. In 2003 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 2001.

Building Permit Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	800.0	751.0	800.0	900.0	900.0
Actual	1,054.3	795.5	1,179.7	1,188.1	1,290.4
Variance	254.3	44.5	379.7	288.1	390.4

Transit Fees and Charges

Revenue Source (\$000's)	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Public Transit					
Cash Fares	1,678.3	1,492.7	1,644.7	(33.6)	(2.0)
Ticket Sales	877.1	726.6	849.6	(27.5)	(3.1)
Pass Sales	1,817.4	1,516.4	1,809.1	(8.3)	(0.5)
Senior Citizens Pass Sales	303.9	257.9	212.3	(91.6)	(30.1)
Advertising	267.7	271.6	317.9	50.2	18.8
Other Revenue	202.6	279.4	210.8	8.2	4.0
Paratransit					
Cash, Ticket and Pass Sales	267.3	325.0	291.2	23.9	8.9
Other Revenue	165.0	120.8	165.0	-	-
Total	<u>5,579.3</u>	<u>4,990.4</u>	<u>5,500.6</u>	<u>(78.7)</u>	<u>(1.4)</u>

The 2006 budget for Transit revenues is \$5,500,600, a decrease of \$78,700 as compared to the 2005 budget. The projected revenue includes the impact of the increase in transit fares effective July 1, 2006. There is a grant from the Province of \$300,000 for the discounted pass program. The grant is shown in the Government Grants section. The following table details revenues (budget and actual) since 2002.

Transit Revenues and Fares (\$000's)	2002	2003	2004	2005	2006
Public Transit Revenue:					
Budget	5,324.6	5,250.4	5,374.7	5,147.0	5,044.4
Actual	5,204.0	5,279.0	5,198.1	4,544.5	n/a
Variance	(120.6)	28.6	(176.6)	(602.5)	n/a
Public Transit Rates (Effective July 1):					
Cash Fares:					
Adult	1.65	1.75	1.90	2.00	2.10
Youth	1.20	1.30	1.40	1.50	1.60
Tickets (10 tickets):					
Adult	15.50	16.00	16.00	16.50	17.00
Youth	11.10	11.50	11.50	12.00	12.50
Bus Pass:					
Adult (monthly)	50.00	52.50	52.50	54.00	57.00
Post Secondary (monthly)	43.00	45.50	45.50	47.00	48.00
Youth (monthly)	37.00	39.00	39.00	40.00	42.00
Senior (semi-annual)	75.00	85.00	85.00	88.00	93.00
Senior (annual)	150.00	170.00	170.00	176.00	185.00
Discounted Pass (monthly)	n/a	15.00	15.00	15.00	15.00
Paratransit Revenue:					
Budget	359.1	379.4	409.8	432.3	456.2
Actual	366.6	386.8	422.0	445.8	n/a
Variance	7.5	7.4	12.2	13.5	n/a
Paratransit Rates (Effective July 1):					
Cash Fares	1.65	1.75	1.90	2.00	2.10
Tickets (10 Tickets)	n/a	n/a	19.00	20.00	21.00
Monthly Pass (40 uses)	n/a	n/a	76.00	80.00	84.00

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

- The ticket price for adults reflects a 30-cent per ticket 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 per ticket in 2004, 30 cents in 2005, and 35 cents in 2006.
- An adult pass is equivalent to 27 times the adult cash fare for 2005 and 2006.
- The post secondary pass is 23.5 times the adult cash fare in 2005 and 23 times in 2006.
- The youth pass is 27 times the youth cash fare in 2005 and 2006.
- The senior annual pass is the equivalent to 3.25 the monthly adult pass.
- The daily or weekend family pass is the equivalent of three times the adult cash fare.

Police Fees and Charges

Revenues for the Regina Police Services are projected to increase \$617,900. The revenues are based on the 2006 budget of the Board of Police Commission as submitted to City Council. The revenues include transfers from the Federal and Provincial Governments.

Revenue Source (\$000's)	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Provincial Programs					
9-1-1 PSAP	712.0	696.2	720.0	8.0	1.1
Victim Services	87.9	88.7	88.7	0.8	0.9
Aboriginal Resource Officers	82.2	83.0	83.0	0.8	1.0
SHOCAP	400.0	400.0	437.5	37.5	9.4
Organized Crime	375.0	410.8	375.0	-	-
Enhanced Community Policing	800.0	800.0	1,146.0	346.0	43.3
Historical Case Investigator	-	-	90.0	90.0	-
Fraud Investigator - Social Services	70.0	73.0	70.0	-	-
SGI Enforcement Overdrive	67.0	66.9	67.0	-	-
	<u>2,594.1</u>	<u>2,618.6</u>	<u>3,077.2</u>	<u>483.1</u>	<u>18.6</u>
Federal Programs					
Proceeds of Crime	80.0	80.0	80.0	-	-
RIIU Casual Monitor	30.5	24.2	32.2	1.7	5.6
CPIC Field Operations	60.8	58.7	62.7	1.9	-
Corrections Liason Officer			70.0	70.0	-
	<u>171.3</u>	<u>162.9</u>	<u>244.9</u>	<u>73.6</u>	<u>43.0</u>
Other Revenue					
Radio Shop	356.4	444.0	357.6	1.2	0.3
Miscellaneous Revenue	155.0	490.9	215.0	60.0	38.7
Contributions	24.0	-	24.0	-	-
Cost Recoveries	5.0	11.5	5.0	-	-
	<u>540.4</u>	<u>946.4</u>	<u>601.6</u>	<u>61.2</u>	<u>11.3</u>
Total	<u><u>3,305.8</u></u>	<u><u>3,727.9</u></u>	<u><u>3,923.7</u></u>	<u><u>617.9</u></u>	<u><u>18.7</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 Public Safety Answering Points (PSAP) 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.

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 Automated Criminal Intelligence Information System (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 Expenditure Budget. 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 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)	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Council and Committees					
Board of Revision Fees	50.0	23.4	10.0	(40.0)	(80.0)
Development Appeals Fees	3.5	3.2	3.5	-	-
Other Revenue	-	0.8	0.8	0.8	-
	<u>53.5</u>	<u>27.4</u>	<u>14.3</u>	<u>(39.2)</u>	<u>(73.3)</u>
Corporate Services Department					
Auction and Salvage	133.6	172.3	166.0	32.4	-
Employee Parking	120.0	116.2	120.0	-	-
Facility Operating Agreements	13.0	18.9	20.0	7.0	53.8
Facility Charges - Sunset Library	65.1	61.6	65.1	-	-
Other Revenue	9.0	121.4	9.0	-	-
Public Affairs Fees and Charges	16.0	78.3	16.0	-	-
Election Cost Recovery	-	-	155.5	155.5	-
	<u>356.7</u>	<u>568.7</u>	<u>551.6</u>	<u>194.9</u>	<u>54.6</u>
Finance Department					
Assessment and Taxation Fees	170.0	162.6	170.0	-	-
False Alarm Fees	10.0	50.6	40.0	30.0	300.0
Convention Parking Permits	5.5	4.7	5.5	-	-
NSF Cheque Fees	13.9	14.9	13.6	(0.3)	(2.2)
Other Revenue	20.0	201.7	20.0	-	-
	<u>219.4</u>	<u>434.5</u>	<u>249.1</u>	<u>29.7</u>	<u>13.5</u>
Fire Department					
Fire Suppression Fees	175.0	169.2	170.0	(5.0)	(2.9)
Other Revenue	5.0	27.4	5.0	-	-
	<u>180.0</u>	<u>196.6</u>	<u>175.0</u>	<u>(5.0)</u>	<u>(2.8)</u>
Saskatchewan Lotteries Grant					
	<u>385.0</u>	<u>385.0</u>	<u>385.0</u>		-
Total	<u>1,194.6</u>	<u>1,612.2</u>	<u>1,375.0</u>	<u>180.4</u>	<u>15.1</u>

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; and,
- For all other properties, \$150.00 for properties with a fair value assessment of up to \$499,999. For properties with a fair value assessment of \$500,000 to \$1,000,000, the fee is \$500.00 and for properties with a fair value assessment over 1,000,000, the fee is \$750.00.

Fees are refundable if the appeal is successful. There are typically a substantial number of appeals in a reassessment year, with fewer appeals in the years following a reassessment.

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.

Assessment and Taxation Fees

The revenue for assessment and tax fees is \$170,000 in total. The estimated revenue from tax certificates is \$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.

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 2006 along with the fees in prior years.

Fire Service Agreements Retainer Fee	2002	2003	2004	2005	2006
Rural Municipality of Sherwood	56,113	58,021	63,237	65,639	69,617
Rural Municipality of Lumsden	7,540	7,796	8,497	8,820	9,350

- **Service Call Fee** – In addition to the retainer fee, there is a charge per incident billed to the rural municipality. 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 2005 is approximately \$70,000.

Other Fire suppression service fees are received from Saskatchewan Government Insurance for motor vehicle accidents and fires (2005 estimate of \$20,400), and payments from the Municipal Rescue Services Fund administered by SUMA (2005 estimate of \$10,100). 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	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Electrical Distribution	21,440.0	22,123.1	22,730.0	1,290.0	6.0
Gas Distribution	8,980.0	9,431.2	9,395.0	415.0	4.6
Interest	3,850.0	4,756.6	4,050.0	200.0	5.2
Tax Penalties	1,575.0	1,135.3	1,265.0	(310.0)	(19.7)
Interfund Transfers					
Utility Surplus Transfer ⁽¹⁾	4,503.9	4,503.9	4,672.0	168.1	3.7
Utility Administration	2,599.6	2,599.6	2,716.1	116.5	4.5
Pension and Benefits Administration	242.3	248.3	242.3	-	-
Buffalo Pound Water Admin. Board	24.0	24.0	24.0	-	-
Transfer from Reserve					
General Fund Reserve	1,596.5	-	2,272.6	676.1	42.3
Social Development Reserve	-	127.1	-	-	-
Grants Reserve	-	116.8	-	-	-
Winter Road Maintenance	-	1,075.5	-	-	-
Total	44,811.3	46,141.4	47,367.0	2,555.7	5.7

Note:

1. The budget and actual amounts for 2005 have been restated to eliminate the \$2.5 million contribution from the Water and Sewer Utility related to the Canada Saskatchewan Infrastructure Program (CSIP) grants received by the utility. The last year of the transfer is 2005. For 2005, the transfer will be directly from the utility to the General Capital Fund. For the 2005 to 2008 period, there will also be a transfer of \$1.7 million per year related to the Municipal Rural Infrastructure Fund grants received by the utility.

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).

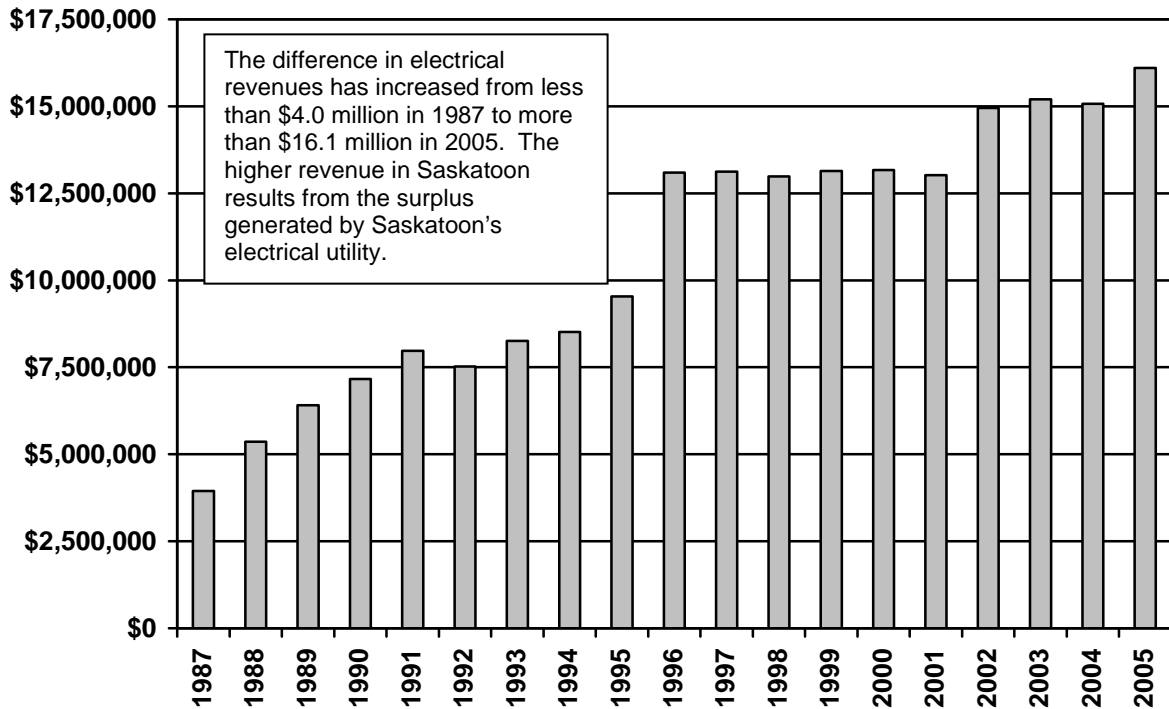
The projected revenue for 2006 is \$22,730,000, an increase of \$1,290,000 or 6.0% over the 2005 budget. The 2006 revenue budget is based on a three-year average of the revenue received from SaskPower, after adjusting for rate changes over the three-year period.

The following table details the electrical revenue (budget and actual) since 2001.

Electrical Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	18,900.0	18,900.0	19,900.0	20,800.0	21,440.0
Actual	18,870.0	19,986.9	20,745.5	20,760.3	22,123.1
Variance	(30.0)	1,086.9	845.5	(39.7)	683.1

Electrical revenue is the 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 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 provided that once the expansion was operational, natural gas used as feedstock would 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 projected revenue for 2006 is \$9,395,000, an increase of \$415,000 or 4.62% over the 2005 budget. Assumptions used to generate the 2006 revenue budget are:

- The projected revenue from SaskEnergy is based on a three-year average, with the revenues over the three years adjusted for rate changes.

- The TransGas payment with respect to the consumption of natural gas by Consumers' Co-operative Refineries Limited and Newgrade Energy Inc. is based on the terms of the agreement, projected natural gas volumes provided by the two companies, and the average deemed cost of gas. 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.

The following table details the gas revenue (budget and actual) since 2001.

Gas Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	8,400.0	6,500.0	7,850.0	8,600.0	8,980.0
Actual	8,513.2	7,878.2	9,612.6	8,837.8	9,431.0
Variance	113.2	1,378.2	1,762.6	237.8	451.2

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 following table details the deemed cost of gas since 2001 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 for 2005 was 13.3 cents per GJ.

Deemed Cost of Gas (\$ per GJ)	2001	2002	2003	2004	2005
January	7.849	3.181	5.155	5.340	6.558
February	11.313	3.324	6.094	6.156	6.062
March	9.057	2.798	6.946	6.061	5.965
April	7.127	3.110	8.544	5.577	6.331
May	6.775	3.850	6.204	5.787	6.954
June	6.313	3.901	6.133	6.230	6.768
July	4.775	3.573	6.197	6.795	6.451
August	3.717	3.014	5.751	6.231	6.684
September	3.200	2.660	5.343	6.075	7.544
October	2.679	3.372	5.408	5.197	9.470
November	2.283	3.973	4.893	5.338	11.025
December	3.171	4.850	4.732	6.634	10.379

Note: Natural gas costs have declined substantially in the first quarter of 2006 due to mild weather in North America.

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 2006 budget for interest earnings is \$4,050,000, an increase of \$200,000 from the 2005 budget.**

The following table details the interest revenue (budget and actual) since 2001.

Interest Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	3,510.1	2,925.0	3,750.0	3,364.8	3,850.0
Actual	3,486.6	5,728.6	5,594.7	4,198.9	4,756.6
Variance	(23.5)	2,803.6	1,844.7	834.1	906.6

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 2006 budget for tax penalties is \$1,265,000, a decrease of \$310,000 compared to the 2005 budget. Penalties for current taxes have decreased in recent years as more customers (both residential and non-residential) make use of the monthly tax payment program (TIPPS) and as tax arrears decline. The following table details the tax penalty revenue (budget and actual) since 2000.

Tax Penalty Revenue (\$000's)	2001	2002	2003	2004	2005
Budget	1,690.0	1,577.0	1,469.0	1,450.0	1,575.0
Actual	1,566.6	1,445.0	1,481.9	1,349.2	1,135.3
Variance	(123.4)	(132.0)	12.9	(100.8)	(439.7)

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. Starting in 2004, the transfer includes the benefit to the Utility (estimated to be \$675,000) 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.

The **Utility Administration Charge** is calculated as 5% of the budgeted utility expenditures for the prior year. Most 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.

In the past, the Utility Surplus Transfer also included an amount equal to the benefit received by the Water and Sewer Utility through the Canada Saskatchewan Infrastructure Program (CSIP). The transfer was \$1.9 million in 2001, and \$2.5 million from 2002 through 2004. There was a transfer of \$2.5 million for 2005, the last year of the CSIP program. For 2006 the transfer will be directly from the utility to the General Capital

Fund, rather than through the General Operating Budget. As a result of the change in the accounting for the transfer in 2005, the 2004 budget and actual amounts have been restated.

For 2006, the utility transfers are \$7,388,100, an increase of \$116,500 over the transfers in 2005. The next table provides details on the utility transfers since 2001.

Water & Sewer Utility Transfers (\$000's)	2001	2002	2003	2004	2005
Utility Surplus Transfer:					
Base Utility Transfer	3,246.9	3,264.7	3,426.5	3,622.2	3,828.5
GST Rebate Transfer	-	-	-	675.4	675.4
Total Utility Surplus Transfer	3,246.9	3,264.7	3,426.5	4,297.6	4,503.9
Utility Administration Charge Transfer	3,486.6	5,728.6	5,594.7	2,465.4	2,599.6
Total Transfers	6,733.5	8,993.3	9,021.2	6,763.0	7,103.5

Transfers From Reserves

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)					
	2005	2006	2007	2008	2009	2010
Reserve Balance - Start of Year	8,089	10,415	8,492	8,152	7,632	7,862
Projected Contributions						
Property Sales	1,155	1,100	400	400	400	400
Operating Surplus	1,773					
Other	318	-	-	-	-	-
Uses of Reserve Funds:						
General Operating Budget	-	(1,701)	-	-	-	-
2005/2009 Reassessment	-	(169)	-	-	-	-
Civic Election	-	(151)	-	-	(150)	-
Asset Management System	(560)	(252)	-	-	-	-
Wascona Lake Project	(234)	-	-	-	-	-
Land Purchase from Highways	(86)	-	-	-	-	-
Government House	-	(20)	(20)	(20)	(20)	-
Country Music Awards Bid	-	-	(70)	-	-	-
IIHF World Jr Hockey Championship Bid	-	-	-	(250)	-	-
General Capital Program	-	(300)	(650)	(650)	-	-
Ross Industrial	(40)	(430)	-	-	-	-
Reserve Balance - End of Year	10,415	8,492	8,152	7,632	7,862	8,262

The General Fund Reserve was almost \$20.0 million by the end of 2002. **The reserve has been significantly reduced since 2002, with a projected balance of about \$8.5 million at the end of 2006.**

The transfer from the General Fund Reserve to the operating budget is \$2,272,600 for 2006. The transfer in 2006 includes:

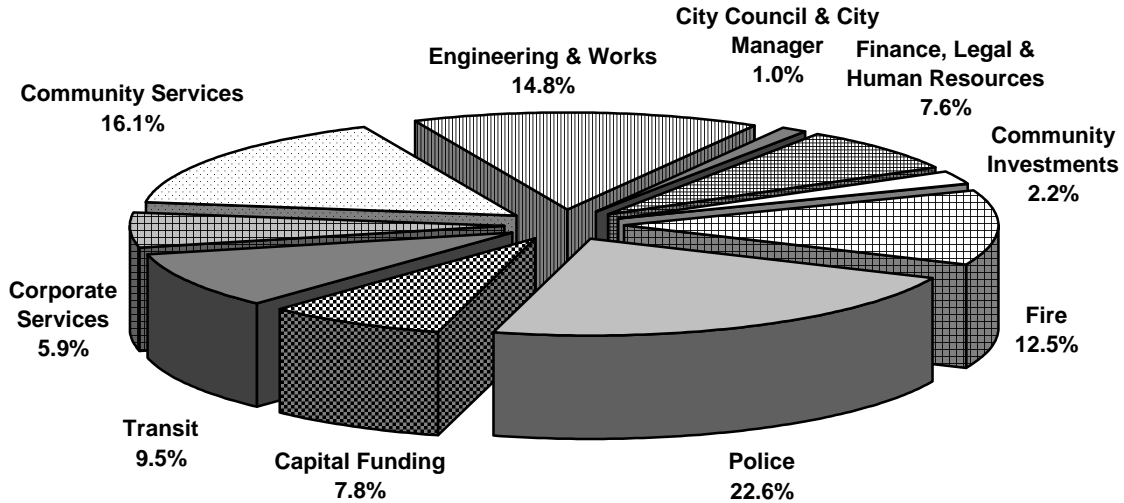
- \$169,000 for the costs of the 2009 Reassessment including costs for the implementation of a new tax and assessment system to support the reassessment.
- \$252,000 for costs related to the second year of a two year implementation of a new maintenance management system for the City's assets and infrastructure.
- \$151,100 for the costs for the civic election.
- \$1,700,500 as directed by Executive Committee to bridge the budget gap.

General Operating Expenditures

Operating Expenditure Summary (\$000's)

<u>Expenditures</u>	<u>2005 Budget</u>	<u>2005 Actual</u>	<u>2006 Budget</u>	<u>Change 2005 to 2006</u>	
				<u>Dollar Change</u>	<u>Per Cent Change</u>
City Council and Committees	1,277.3	1,153.7	1,133.3	(144.0)	(11.3)
Community Investments	4,430.0	4,701.8	4,630.0	200.0	4.5
Capital Funding	16,714.5	16,714.5	16,415.4	(299.1)	(1.8)
City Manager's Department	826.4	937.9	1,033.5	207.1	25.1
Human Resources Department	2,088.2	2,037.5	2,179.1	90.9	4.4
Legal Department	2,382.2	2,432.2	2,479.7	97.5	4.1
Finance Department	11,032.0	10,909.4	11,375.0	343.0	3.1
Corporate Services Department	11,281.5	11,203.4	12,551.5	1,270.0	11.3
Fire Department	24,609.7	25,319.8	26,494.8	1,885.1	7.7
Community Services Department	32,867.0	31,190.9	34,113.1	1,246.1	3.8
Transit Department	18,651.3	18,269.7	20,051.1	1,399.8	7.5
Engineering and Works Department	30,381.8	31,121.6	31,268.8	887.0	2.9
Subtotal	156,541.9	155,992.4	163,725.3	7,183.4	4.6
Police Department	45,328.7	45,750.9	47,858.6	2,529.9	5.6
Total General Operating	201,870.6	201,743.3	211,583.9	9,713.3	4.8

2006 Operating Expenditures



Why Have Expenditures Increased?

The increase in expenditures for 2006 is about \$9.7 million, or an increase of 4.8%. Details of the increase are provided in the next table and the discussion that follows.

<u>Summary of Expenditure Increases – 2005 to 2006</u>		<u>Per Cent Increase</u>
	<u>Amount of Increase</u>	
Salaries and Benefits:		
Fire	1,837,200	
Transit	690,900	
Engineering and Works	1,143,900	
Community Services	922,800	
Other Departments	1,506,400	
Subtotal	\$ 6,101,200	
Capital Funding:		
Contributions to Capital - Civic	50,000	
Contributions to Capital - Police	(312,000)	
Debt Costs	(37,100)	
Subtotal	(299,100)	
Specials and Additions:		
2006 Specials and Additions	3,295,600	
Delete 2005 Specials	(2,397,400)	
Subtotal	898,200	
Other Expenditure Changes:		
Insurance Costs	(62,400)	
Software Maintenance Costs	109,600	
Paratransit Contract Costs	91,000	
Low Cost Spay Neuter Program	15,000	
Fuel Costs	553,400	
Wascana Centre Authority	80,000	
Provincial Payments - Fine Administration	75,400	
Levies on City Owned Property	20,000	
Computers and Output Devices	(75,400)	
Investment Management Fees	(24,200)	
Natural Gas	42,800	
Electrical Costs - General	97,500	
Electrical Costs - Street Lighting	(474,700)	
Allocated Facilities Trades Costs	97,500	
Fleet and Equipment Costs	128,500	
Transfers to Reserves	(210,700)	
Pavement Cut Costs	93,100	
Rent	42,500	
Other Cost Changes	(115,800)	
Subtotal	483,100	
Total Civic Budget Increase	7,183,400	4.6%
Police Budget Increase	2,529,900	5.6%
Total Increase - 2005 to 2006	9,713,300	4.8%

In developing the budget, increases in expenditures must be substantiated. **There is no general inflationary increase applied to expenditures.**

Salary and Benefits

The increase in the civic portion of the budget for salaries and benefits of about \$6.1 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 Local 588, Civic Middle Management, and The International Association of Fire Fighters Local 181) which had expired at the end of 2003 were renewed during 2005. The contract for the International Association of Fire Fighters was resolved through binding arbitration which resulted in increases higher than the amounts that had been budgeted in 2004 and 2005. The contracts with CUPE Local 7, CUPE Local 21 and Amalgamated Transit Union Local 588 were resolved through negotiation after a 26 day strike, with increases higher than those budgeted in 2004 and 2005. These increases, along with increases for Civic Middle Management, Out of Scope Employees and Police, contributed to the increase in salary and benefit costs.
- Salary and benefit costs have increased in part due to merit increases provided in collective agreements and classification changes.

The next table provides a summary of the staff complement reflected in the General Operating Budget for 2005 and 2006 for the General Operating Budget. The staff complement in the table does not include positions funded through other budgets, including the Water and Sewer Utility Budget, the Costing Fund Budget or the General Capital Budget.

General Operating Budget Staff Complement (FTE's)

Department	2005			2006			Change
	Permanent	Casual	Total	Permanent	Casual	Total	
Civic Administration							
Mayor's Office	4.0	-	4.0	4.0	-	4.0	-
City Manager	5.5	-	5.5	6.5	-	6.5	1.0
Human Resources	22.5	-	22.5	22.5	-	22.5	-
Legal	19.0	-	19.0	19.0	1.0	20.0	1.0
Finance	130.0	8.4	138.4	130.0	4.2	134.2	(4.2)
Transit	219.0	2.8	221.8	224.0	2.8	226.8	5.0
Fire	289.0	0.5	289.5	289.0	-	289.0	(0.5)
Community Services	191.5	164.0	355.5	194.5	167.3	361.8	6.3
Engineering & Works	183.5	55.7	239.2	182.8	58.6	241.4	2.2
Corporate Services	167.7	17.6	185.3	169.7	17.7	187.4	2.1
Civic Total	1,231.7	249.0	1,480.7	1,242.0	251.6	1,493.6	12.9
Police Department	482.0	18.5	500.5	487.0	18.0	505.0	4.5
Total	1,713.7	267.5	1,981.2	1,729.0	269.6	1,998.6	17.4

The changes in the staff complement for the Civic Administration include:

- In the City Manager's Department there is a new Coordinator for EFAP. The cost for this position is partially offset by a reduction of the contract budget.
- In the Legal Department there is an addition for an articling student.

- In the Finance Department changes are as follows:
 - An increase of 1.0 casual position for system and processing support.
 - A decrease of casual positions related to the 2005 Reassessment project.
 - A temporary additional 0.7 casual position, Distribution Clerk, in the Financial Administration Division for implementation of the maintenance management system.
- In the Transit Department the changes include five permanent positions for bus operators. The cost for the new positions is offset by a reduction in overtime.
- In the Fire Department there is an increase of .5 permanent positions for improved administrative support. The increase is offset by the combination of two management positions into one, resulting in a decrease of 1.0 permanent position for a net decrease of .5 permanent positions.
- In the Community Services Department changes are as follows:
 - An additional 2.3 casual positions in the Parks and Open Space Management Division.
 - An additional casual position in the Buildings Inspection Division.
 - A new permanent position, Housing Standards Inspector, in the Bylaw Enforcement Division.
 - A new permanent position, Business System Analyst in the Urban Planning Division.
 - A new permanent position, Market Research, in Administration and Marketing.
- In the Engineering and Works Department a reassignment of positions resulted in a decrease of .7 permanent positions and an increase of 2.9 casual positions.
- In the Corporate Services Department the changes are as follows:
 - A new permanent position, One Tonne Challenge Coordinator.
 - A new Project Analyst to support Tax and Assessment System (TAS).

Additions and Specials

The specials and additions for 2006 total \$2,136,500, excluding those expenditures funded by specific grants or through a transfer from the General Fund Reserve. The additions and specials for 2006 include:

- \$15,500 to fund the City's share of Shaping Regina – Community Sustainability Framework. The total project costs are \$310,000, of which the City's portion is \$31,000. The first half of the City's share was paid in 2005.
- Funding for the 2006 Brier (\$100,000).
- Additional funding for Community Investments (\$100,000).
- \$26,000 to fund an increase in the cost of SUMA membership.
- \$109,200 for the payment required under the City Manager's contract.
- \$50,000 for the costs to recruit a new City Manager.

- An additional \$38,200 for a new Coordinator of EFAP. The net change to the operating budget would be \$22,100 as the contracted position would be terminated.
- Funding of \$32,900 for an articling student in Legal Services.
- Funding in Fire Administration to provide improved clerical support to all divisions (\$18,200).
- Funding for system and annual processing support in the Revenue Administration Division (\$37,900).
- Additional funding to the Transit Department for security service to the downtown main transit transfer points on 11th and 12th Avenues (\$15,600).
- Additional funding for the Community Services Department includes:
 - \$25,000 for a Market Researcher position for Community and Leisure Services.
 - \$95,000 for casual staff to assist with maintenance of public parks and open space that will be added to the inventory in 2006.
 - \$20,000 for funding to service backflow prevention devices.
 - \$25,000 for elm tree pruning and power line pruning within Council's approved pruning cycle.
 - \$20,000 to maintain athletic fields at standards approved by City Council.
 - \$65,400 for a Housing Standards Inspector for investigation of complaints with initiation of inspections.
 - \$57,000 to fund a term Coordinator to continue the Regina Inner City Community Partnership Program which is jointly funded by the Federal Government and the City.
 - \$39,900 for a Mechanical Inspector in the Building Division to address the increase in building activity.
 - \$16,100 to fund a data input clerk for the Responsive Applications and Permit Information Database (RAPID) Project.
 - \$12,900 for a Business Systems Analyst to support RAPID.
- Additional funding for the Corporate Services Department includes:
 - \$306,600 to fund the cost of the municipal election. This will be offset by cost recovery from other taxing authorities (\$155,500)
 - \$27,000 to provide funding for after hours standby support of the Fire Department's Computer Aided Dispatch application.
 - \$37,500 for a Project Management Analyst.
 - \$50,000 for airphoto renewal.
 - \$40,000 to fund consulting for the City of Regina website.
 - \$15,000 to complete the web writing pilot project.

- \$100,000 for application support resources for Assessment/Assessment Administration/Taxation applications.
- \$10,000 to fund circulation of the Mayor's State of City pamphlet.
- \$57,000 for a One Tonne Challenge Coordinator.
- Additional funding for Engineering and Works Department includes:
 - \$4,800 for increase of .25 fte in Administrative support.
 - \$55,000 for completion of Southeast Sector Plan Transportation Impact Study.
 - \$60,000 for the completion of the Southwest Sector Plan Transportation Impact Study.
 - \$50,000 to update the City's travel demand model.
 - \$30,000 for the increased expenses related to addressing defects primarily on high speed roadways.
 - \$70,300 for the increase for the Alley Maintenance Strategy.
 - \$11,000 to extend the Traffic Counting Program.
 - \$60,000 to accommodate residential solid waste collection expansion.
 - \$50,000 increase for Condominium Rebate Program.
 - \$77,500 for a new landfill gas collection and control system.
 - \$30,000 for increasing costs in the Big Blue Bin Program.
 - \$75,000 for the Landfill Small Vehicle Transfer Station.

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. 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.
- Administrative Review Body established pursuant to section 362 of *The Cities Act*.

Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Mayor's Office ⁽¹⁾	403.3	407.7	403.4	0.1	0.0
City Council ⁽¹⁾	437.4	476.8	455.3	17.9	4.1
Committees	328.3	163.1	138.5	(189.8)	(57.8)
Corporate Memberships	103.3	104.8	131.1	27.8	26.9
Administrative Review Body	5.0	1.3	5.0	-	-
Total	<u>1,277.3</u>	<u>1,153.7</u>	<u>1,133.3</u>	<u>(144.0)</u>	<u>(11.3)</u>

Note:

1. City Council adopted Bylaw 2001-108 that established, effective January 1, 2002, a formula for the remuneration of the members of City Council. The Mayor's remuneration is 77.3% of a Provincial Cabinet Minister's salary for the prior year. The remuneration for a Councillor is one-third the remuneration of the Mayor. The Provincial Cabinet Ministers salaries decreased in 2005 and as a result the Mayor's remuneration and that of Councillors have decreased accordingly for 2006.

Staff Complement

Full Time Equivalents	2004	2005	2006
Permanent	4.0	4.0	4.0
Casual	-	-	-
Total	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2005 Budget	1,277.3
1. Salaries and Benefits - Remuneration increase and related benefit costs for Mayor and Councillors as per Bylaw 2001-108. As of January 1, 2006, the Mayor's salary of \$85,127 is 77.3% of Provincial Cabinet Minister's salary established in May 2005 of \$110,125. A Councillor's salary of \$28,376 is one-third of the Mayor's salary. The decrease from 2005 is a result of a decrease in Provincial Cabinet Ministers salaries.	(2.4)
2. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews, employer benefits costs, and the general increases for 2004, 2005 and 2006.	21.0
3. Delete 2005 Specials.	(207.3)
4. Special - Community Sustainability Framework.	15.5
5. Addition - Increased SUMA Membership Fees.	26.0
6. Other cost changes.	<u>3.2</u>
2006 Budget	<u><u>1,133.3</u></u>

Community Investments

Overview

Community investments are payments to individuals or organizations for a variety of purposes allocated through the following Committees:

- The Parks and Community Services Committee provides financial support to community associations and organizations that provide arts, cultural, recreation, community and social services.
- The Finance and Administration Committee provides financial support for economic and promotional purposes.
- The Executive Committee provides financial support for capital purposes to the Regina Exhibition Association Limited and funding to the Economic Development Investment Fund. The amount allocated in 2006 has been provided to the Regina Regional Economic Development Authority.

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

Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Parks and Community Services Committee	2,919.5	3,027.9	3,039.5	120.0	4.1
Finance and Administration Committee	576.1	584.5	556.1	(20.0)	(3.5)
Executive Committee	400.0	555.0	400.0	-	-
2006 Brier			100.0		
Economic Development Investment Fund	534.4	534.4	534.4	-	-
Total	4,430.0	4,701.8	4,630.0	200.0	4.5

Capital Funding

Overview

The City funds a portion of the General Capital Program through contributions from the operating budget. The operating budget also funds the repayment of debt costs for debt issued to fund capital projects. 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**”.

The contributions to capital include two components:

- The contributions to capital to fund the capital budget as submitted by the Board of Police Commissioners.
- The contributions to capital to fund the civic portion of the General Capital Program, excluding the capital program for the Regina Police Service.

Operating Expenditure Summary (\$000's)

<u>Expenditures</u>	<u>2005 Budget</u>	<u>2005 Actual</u>	<u>2006 Budget</u>	<u>Change 2005 to 2006</u>	
				<u>Dollar Change</u>	<u>Per Cent Change</u>
Contributions to Capital - Civic	12,950.0	12,950.0	13,000.0	50.0	0.4
Contributions to Capital - Police	1,816.0	1,816.0	1,504.0	(312.0)	(17.2)
Debt Charges	1,948.5	1,948.5	1,911.4	(37.1)	(1.9)
Total	<u>16,714.5</u>	<u>16,714.5</u>	<u>16,415.4</u>	<u>(299.1)</u>	<u>(1.8)</u>

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 the Regina Administration Bylaw 2003-69.

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

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

Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
City Manager's Office(1)	298.8	416.8	472.6	173.8	58.2
Program Review	206.7	202.1	212.6	5.9	2.9
Employee & Family Assistance Program	211.6	215.5	244.2	32.6	15.4
Emergency Planning	109.3	103.5	104.1	(5.2)	(4.8)
Total	826.4	937.9	1,033.5	207.1	25.1

Note:

1. The 2006 expenditures for the City Manager's Office include \$50,000 for the recruitment of a new City Manager as well as \$109,200 for the contractual payment to the current City Manager.

Staff Complement

Full Time Equivalents	2004	2005	2006
Permanent	6.0	5.5	6.5
Casual	-	-	-
Total	6.0	5.5	6.5

Analysis of Operating Budget Change

<u>Operating Budget Change Details</u>	<u>(\$000's)</u>
2005 Budget	826.4
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews, employer benefits costs, and the general increases for 2004, 2005 and 2006.	37.6
2. Create new position for EFAP Coordinator.	38.2
3. Reduced EFAP Contracted Services.	(13.7)
4. Contractual payment required under existing City Manager's contract.	109.2
5. Recruitment of new City Manager.	50.0
6. Decrease in Consulting Services for Emergency Planning.	(10.9)
7. Decreased Administrative costs related to the work plan resulting from the Core Services Review.	(10.0)
8. Other cost changes.	<u>6.7</u>
2006 Budget	<u><u>1,033.5</u></u>

Human Resources Department

Overview

The mission of the Human Resources Department is “to build partnerships with management to support their efforts in effectively managing their human resources, within a culture of respect and value.”

The vision for the Department is “As business partners, we are innovative and strategic leaders, and stewards of human resource management principles, in an ever changing environment.”

By working in partnership with management, the Human Resources Department provides human resource management services through four key lines of business:

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

Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Human Resources	<u>2,088.2</u>	<u>2,037.5</u>	<u>2,179.1</u>	<u>90.9</u>	<u>4.4</u>

Staff Complement

Full Time Equivalents	2004	2005	2006
Permanent	22.0	22.5	22.5
Casual	0.5	-	-
Total	<u>22.5</u>	<u>22.5</u>	<u>22.5</u>

Analysis of Operating Budget Change

<u>Operating Budget Change Details</u>	<u>(\$000's)</u>
2005 Budget	2,088.2
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews, employer benefits costs, and the general increases and negotiated settlements for 2004, 2005 and 2006.	95.2
2. Other cost changes.	<u>(4.3)</u>
2006 Budget	<u><u>2,179.1</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 for the Corporation, including representation in legal proceedings, and some legal services to the Regina Police Service and Buffalo Pound Water Administration Board.
- 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. This includes 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.

Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Legal Services	1,179.5	1,196.6	1,320.0	140.5	11.9
Prosecutions	140.4	142.1	147.3	6.9	4.9
Claims Administration	186.3	202.4	198.8	12.5	6.7
Insurance	876.0	891.1	813.6	(62.4)	(7.1)
Total	2,382.2	2,432.2	2,479.7	97.5	4.1

Staff Complement

Full Time Equivalents	2004	2005	2006
Permanent	19.0	19.0	19.0
Casual	-	-	1.0
Total	19.0	19.0	20.0

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2005 Budget	2,382.2
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews, employer benefit costs, and the general increases for 2004, 2005 and 2006.	216.7
2. Increase for an articling student.	32.9
3. Decreased insurance cost.	(62.4)
4. Allocation of cost of the legal services to Police.	(100.0)
5. Other cost changes.	<u>10.3</u>
2006 Budget	<u><u>2,479.7</u></u>

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 and property tax administration. The Division also is responsible for 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 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.

Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Administration	228.3	212.0	245.6	17.3	7.6
Corporate Budget	199.6	128.0	223.5	23.9	12.0
Investment Services	326.4	269.1	327.6	1.2	0.4
Assessment	1,642.2	1,659.0	1,772.2	130.0	7.9
2005 Reassessment	563.5	629.7	169.0	(394.5)	(70.0)
Revenue Administration	2,482.5	2,363.5	2,658.5	176.0	7.1
Financial Administration	4,044.8	4,000.1	4,322.4	277.6	6.9
	9,487.3	9,261.4	9,718.8	231.5	2.4
Animal Care and Control	303.6	318.3	318.6	15.0	4.9
Provincial Payments	874.6	977.5	950.0	75.4	8.6
Other Financial Charges	366.5	352.2	387.6	21.1	5.8
Total	<u>11,032.0</u>	<u>10,909.4</u>	<u>11,375.0</u>	<u>343.0</u>	<u>3.1</u>

Staff Complement

Full Time Equivalents	2004	2005	2006
Permanent	130.5	130.0	130.0
Casual	8.8	8.4	4.2
Total	<u>139.3</u>	<u>138.4</u>	<u>134.2</u>

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2005 Budget	11,032.0
1. Salaries & Benefits - Includes cost changes resulting from merit increases, classification reviews, employer benefit costs, and the general increases and negotiated settlements for 2004, 2005 and 2006.	610.8
2. Reduction in the budget for the 2005 reassessment 234.1 and 329.4 for new assessment and tax system.	(563.5)
3. Increase for 2009 Reassessment.	169.0
4. Decrease in investment management fees based on 2005 actual costs.	(25.2)
5. Increase in system and processing support.	37.9
6. Increase for implementation of SPL Maintenance Management Project.	25.0
7. Increase Veterinary Fees for the Spay and Neuter Program to reflect actual participation in program over the last two years (CR05-172).	15.0
8. Increase in the Province's fine administration cost due to a projected increase in fines.	75.4
9. Increased levies on City properties.	20.0
10. Other cost changes - primarily reductions in printing, photocopying and office supplies.	(21.4)
2006 Budget	<u><u>11,375.0</u></u>

Corporate Services Department

Overview

The Corporate Services Department is primarily focused internally to provide services to other departments within the Corporation. Many of the initiatives being undertaken have significant corporate implications. Those initiatives include fleet rationalization, facilities strategic plans, records management system, eGovernment strategy, real estate services and corporate communication. Divisions include:

- Administration – The Director is responsible for strategic direction to the seven divisions to ensure the efficient and effective operation of Corporate Services. The goals and objectives of the department are aligned with overall Corporation priorities.
- City Clerk's Office – *The Cities Act* outlines responsibilities for the City Clerk. Duties include ensuring Council is advised of its legislative responsibilities, assuring 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, ascertaining that official City Council correspondence is carried out as directed and determining the sufficiency of petitions.

The City Clerk's Office also:

- Allocates secretarial support to Councillors,
 - Provides secretarial and procedural support to City Council and assigned Committees,
 - Coordinates the Corporate Records Management Program,
 - Operates the City of Regina Archives,
 - Conducts municipal elections; and,
 - Processes information requests under *The Local Authority Freedom of Information and Protection of Privacy Act*.
- Facilities and Energy Management – Provides the space planning, construction project management, physical plant maintenance and the day-to-day operation of City-owned facilities. The division also provides for the corporate energy management and air quality programs, the electricity and natural gas utility program, the sustainable community development program, Central Stores, Salvage and Fuel Programs 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 maintenance and operator services.
 - Information Systems – Coordinates the development, implementation, operation and support of information technology and computerized applications used by the City. The division also provides leadership in the integration, security and sharing of data while ensuring privacy legislative requirements are met, and identifying new technology opportunities. This area provides corporate mail services and the delivery of electronic printing and copying.
 - Real Estate – Provides real estate-related services for all City operations. This includes buying and leasing properties when required for City operations, selling or leasing City-owned properties, performing land development functions, and the sale 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.

- Communications – Provides corporate communications advice and support to all City Departments, the City Manager and City Council with the ultimate purpose to communicate the programs and services offered by the City of Regina to the public, as well as to the City's partners and stakeholders.
- There is a seventh division, Pension and Benefits, funded through pension and long-term disability plans.

Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Administration	211.4	221.0	218.3	6.9	3.3
City Clerk's Office	1,135.6	1,129.2	1,581.8	446.2	39.3
Communications	1,268.2	1,400.3	1,313.0	44.8	3.5
Facilities and Energy Management	3,129.1	3,209.4	3,416.4	287.3	9.2
Information Systems	5,537.2	5,243.5	6,022.0	484.8	8.8
Total	11,281.5	11,203.4	12,551.5	1,270.0	11.3

Staff Complement

Full Time Equivalents	2004	2005	2006
Permanent	167.7	167.7	169.7
Casual	17.4	17.6	17.7
Total	185.1	185.3	187.4

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2005 Budget	11,281.5
1. Salaries & Benefits - Includes cost changes resulting from merit increases, classification reviews, employer benefit costs, and the general increases and negotiated settlements for 2004, 2005 and 2006.	496.4
2. Delete 2005 Specials	(268.9)
3. Electrical and natural gas costs.	42.1
4. Software Maintenance.	107.0
5. Remove graffiti from City assets and address bus shelter vandalism.	35.0
6. Addition - One Tonne Challenge Coordinator.	57.0
7. Addition - Fire CAD standby.	27.0
8. Addition - Project Management Analyst.	37.5
9. Addition - TAS Support Analyst (Tax and Assessment System).	100.0
10. Addition - Mayor's State of the City Pamphlet.	10.0
11. Special - Municipal School Board election.	306.6
12. Special - Aerial Photos.	50.0
13. Special - Completion of eGovernment initiatives started in 2005.	40.0
14. Special - Completion of Web Writing initiative started in 2005.	15.0
15. Special - Additional costs for implementation of SPL Maintenance Management System.	88.0
16. Special - Wireless Project Manager.	75.0
17. Other cost changes.	52.3
2006 Budget	<u><u>12,551.5</u></u>

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 consistent with City Council's long-range vision statement for Regina, with a focus on enhancing fire prevention and public education activities while continuing to deliver a high-quality emergency response program. The Department is also committed to achieving ongoing service improvements through organizational and technological changes and by exploring the opportunities identified in the Core Services Review.

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.

The Fire Department services an area of approximately 118 square kilometers. Emergency response services also extend beyond civic boundaries to surrounding municipalities. In addition to fire suppression, public education and fire prevention services, the Department provides training, emergency medical services, fire inspection and investigation, code enforcement, mitigation of hazardous materials or catastrophic incidents and specialized rescue services. Services are provided 24 hours a day, 7 days a week. The Regina Fire Department's diverse services are supported by a fleet of 18 fire apparatus (13 front line and 5 spare apparatus) and 9 fire facilities.

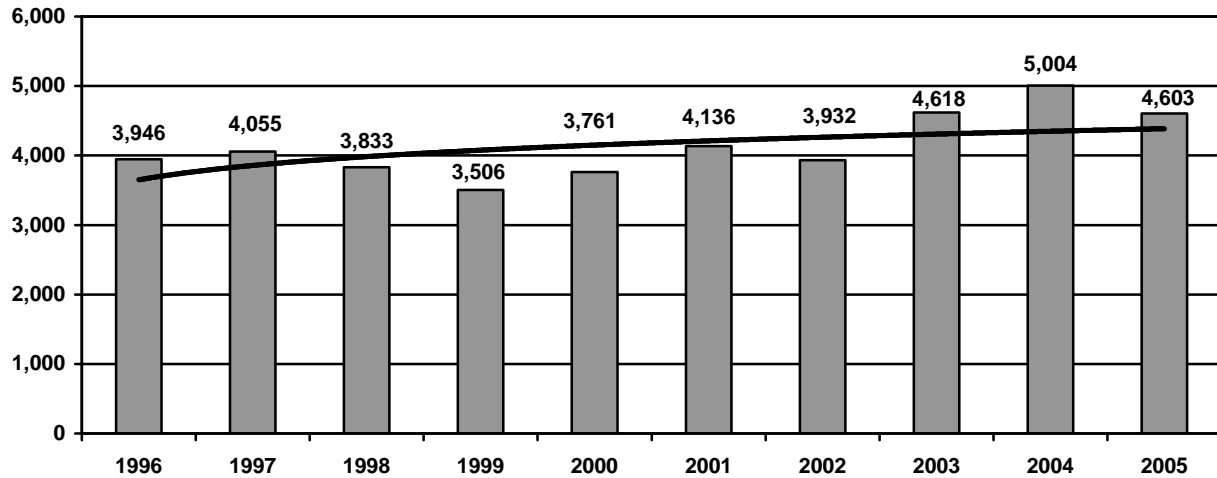
Total Number of Dispatches

Dispatches	2001	2002	2003	2004	2005
Fire Related	2,272	1,947	2,325	2,386	2,366
Non-Emergency Investigations	1,172	1,191	1,395	1,610	1,307
Blue Jaws (Auto Extrication)	139	146	166	198	178
EMS (Medical Assist)	465	564	648	748	683
Blue Water (Water Rescue)	12	7	3	6	2
Hazardous Material	68	69	75	54	62
Technical Rescue	8	8	6	2	5
Emergency Subtotal	4,136	3,932	4,618	5,004	4,603
Advised (monitoring)	8	38	9	4	-
Public Education	377	573	432	477	434
Training	396	439	452	439	314
Total Dispatches	4,917	4,982	5,511	5,924	5,351

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

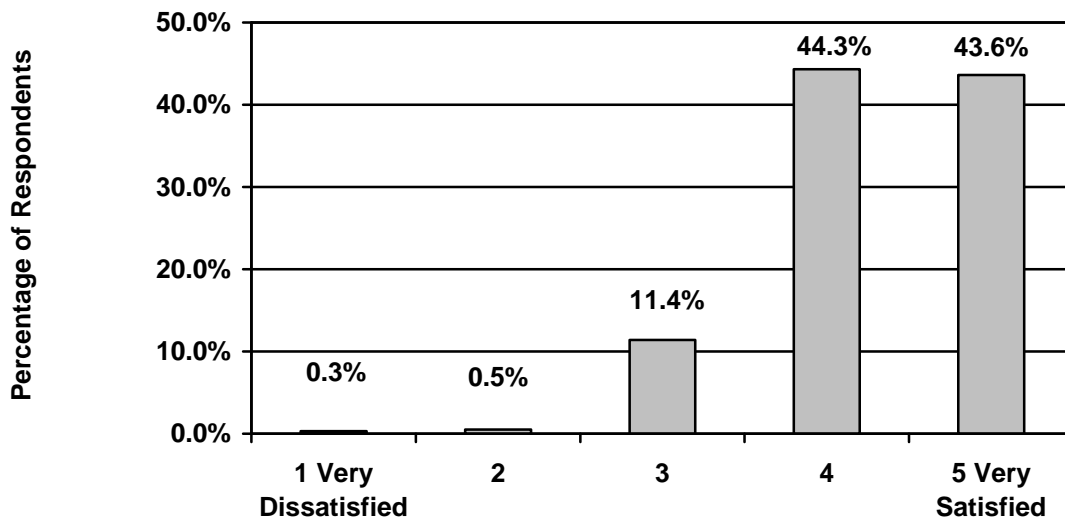
Services and Fire Support Services. The 17 recommendations have been prioritized for introduction in the Department's short, medium and long-term work plan. The following graph details the trend in emergency incident responses (fire suppression, rescue, hazardous materials and emergency medicine) since 1996.

Number of Emergency Incidents



The City of Regina annually conducts a public survey. The survey includes questions related to specific services. The results of the 2005 survey (which involved 526 respondents), used a new five point response scale, with strongly held opinions represented by 1 on the "negative" side and by 5 on the "positive" side of the scale. The midpoint of the scale is 3. Respondents rated the job done by the Regina Fire Department the highest among all City services with an unusually high rating.

Rating of Fire Services



The Department's demographics indicate an increasing number of personnel will become eligible for retirement between 2006 and 2015. The anticipated increase in staff turnover requires a growing emphasis in areas such as staff development, career path planning and succession planning. Preparing for the Department's future through the Officer Training Program will continue to be a high priority to ensure all personnel are trained, competent, and well prepared prior to their appointments. As well, the increased staff turnover 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. In addition, timely recruitment processes are employed to ensure adequate staffing is available to maintain service levels.

Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Suppression and Rescue	20,786.5	21,466.8	22,429.1	1,642.6	7.9
Fire Support Services	1,946.8	2,060.1	2,079.0	132.2	6.8
Training	507.9	518.6	540.1	32.2	6.3
Public Education	282.5	301.9	309.1	26.6	9.4
Inspection and Investigation	716.6	632.2	761.4	44.8	6.3
	24,240.3	24,979.6	26,118.7	1,878.4	7.7
Facility Costs ⁽¹⁾	369.4	340.2	376.1	6.7	1.8
Total	24,609.7	25,319.8	26,494.8	1,885.1	7.7

Note:

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

Staff Complement

Full Time Equivalents	2004	2005	2006
Permanent	289.0	289.0	289.0
Casual	0.5	0.5	-
Total	289.5	289.5	289.0

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2005 Budget	24,609.7
1. Salaries & Benefits - Includes cost changes resulting from merit increases, classification reviews, employer benefit costs, and the general increases and arbitrated settlements for 2004, 2005 and 2006.	1,855.1
2. Fuel and Gas price increase.	21.5
3. Facility Costs - Increase in costs allocated from Corporate Services Department for facility maintenance and operations.	6.7
4. Other changes.	<u>1.8</u>
2006 Budget	<u><u>26,494.8</u></u>

Community Services Department

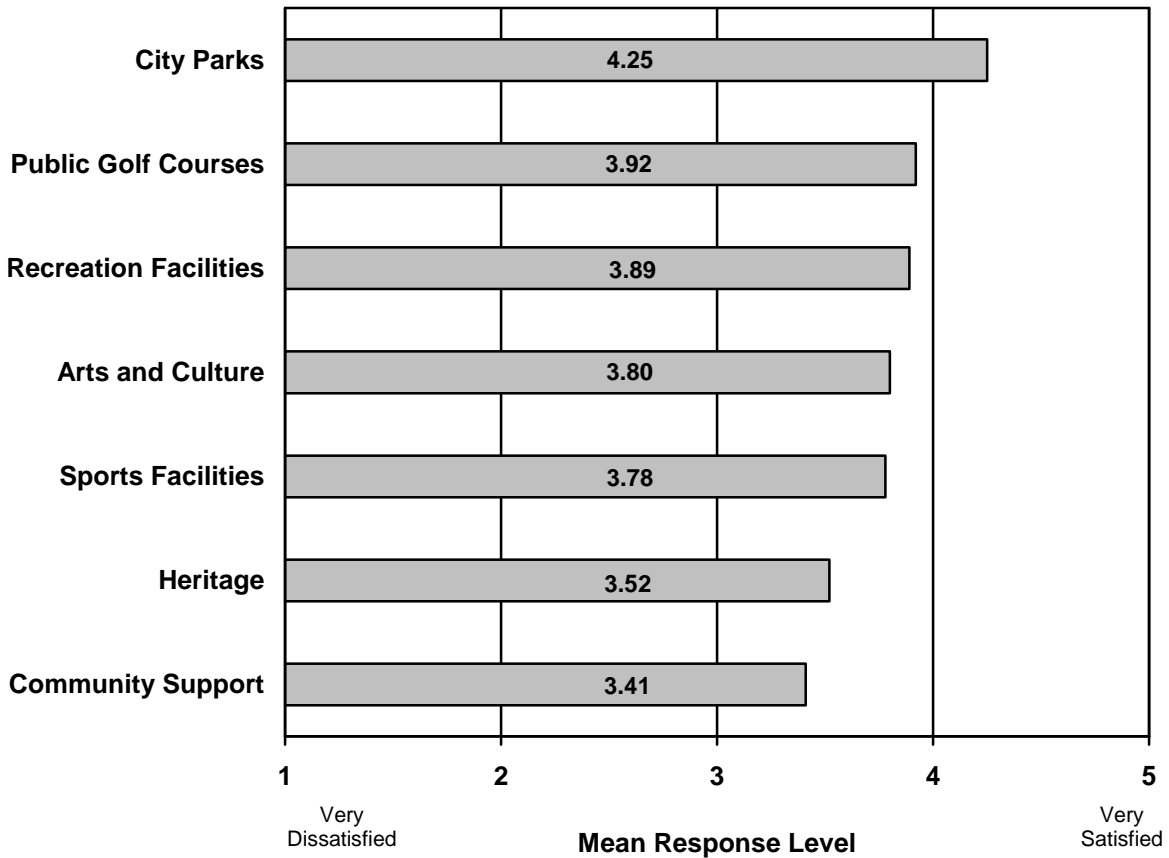
Overview

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

On a regular basis, the City of Regina gathers information from citizens with respect to services provided. Respondents were asked to rate their level of satisfaction for various City services on a five-point scale.

The 2005 survey included questions about a number of services among those delivered by the Community Services Department. Among City services in a range of categories, the one that is used most by far – City Parks – is also the highest rated. All service areas identified in the survey enjoy a high level of satisfaction among residents.

Are you satisfied or dissatisfied with the following City Services?



Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Administration	314.4	309.2	341.9	27.5	8.7
Project Services & Landscape Design	771.3	740.5	826.5	55.2	7.2
Community and Leisure Services:					
Arts, Culture and Heritage	523.0	492.7	212.6	(310.4)	(59.3)
Facility and Program Delivery ⁽¹⁾	7,642.8	7,270.1	8,004.1	361.3	4.7
Skating Programs ⁽¹⁾	2,591.3	2,543.0	2,683.1	91.8	3.5
Outdoor Athletic Surfaces ⁽¹⁾	707.2	631.8	737.5	30.3	4.3
Community and Social Development ⁽¹⁾	2,223.3	2,064.6	2,192.4	(30.9)	(1.4)
Parks and Open Space Management:					
Open Space Management ⁽¹⁾	8,199.4	7,729.9	8,728.6	529.2	6.5
Streetscape	1,365.6	1,280.6	1,486.1	120.5	8.8
Pest Management	1,139.4	997.6	1,186.9	47.5	4.2
Golf Courses ⁽¹⁾⁽²⁾	2,426.3	2,202.0	2,314.3	(112.0)	(4.6)
Cemeteries ⁽¹⁾⁽³⁾	961.6	890.2	896.9	(64.7)	(6.7)
Bylaw Enforcement	1,167.7	1,174.6	1,280.4	112.7	9.7
Building Inspections	1,253.2	1,225.8	1,336.7	83.5	6.7
Urban Planning:			-		
Urban Planning	1,364.3	1,303.1	1,425.9	61.6	4.5
Housing	216.2	335.2	459.2	243.0	112.4
Total	32,867.0	31,190.9	34,113.1	1,246.1	3.8

Notes:

1. The budget for the programs 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 \$199,024 in 2005 (Budget of \$187,100) and a budget of \$67,800 for 2006.
3. The amounts for Cemeteries include the transfer to the Cemetery Reserve. There was a transfer of \$34,136 in 2005 (Budget of \$115,900) and no budget for a transfer in 2006.

Staff Complement

Full Time Equivalents	2004	2005	2006
Permanent	190.5	191.5	194.5
Casual	162.9	164.0	167.3
Total	353.4	355.5	361.8

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2005 Budget	32,867.0
1. Salaries & Benefits - Includes cost changes resulting from merit increases, classification reviews, employer benefit costs, and the general increases and negotiated settlements for 2004, 2005 and 2006.	927.9
2. Delete 2005 Specials.	(882.7)
3. Facility Costs - Increase in allocated costs for facility maintenance and operations.	343.4
4. Wascana Centre Authority - Increase to the City's maintenance portion of the budget.	80.0
5. Equipment Changes - Increase in costs for vehicles and equipment.	49.2
6. Mosquito Control cost sharing program. Provincial Government grant funding provides for an enhanced mosquito control program.	280.1
7. Market Researcher - Funding for an additional position (Permanent 1.0) to define customer expectations, assess customer satisfaction with existing programs and facilities and build a division-wide customer service strategy. Funding is provided for six months.	25.0
8. Athletic Field Maintenance - Funding to maintain fields at standards approved by Council pursuant to the Athletic Field Study (Casual 0.4 FTE).	20.0
9. New Open Space - Increase required to maintain public park and open space that will be added to the City inventory in 2006.	95.0
10. Irrigation Devices - Funding to service backflow prevention devices (Casual 0.5 FTE).	20.0
11. Tree Pruning - Increase funding to prune elm trees within approved pruning cycle.	25.0
12. Housing Standards Inspector - Funding for an additional position (Permanent 1.0 FTE) would provide the focus for the investigation of complaints, initiations of inspections and enforcement of regulations. This will be offset by provincial funding for RRAP and inspections under provincial rental supplement program.	65.4
13. Building Inspection - Funding for an additional Mechanical Inspector (Casual 1.0 FTE) to address the increase in building permit activity. Funding is provided for six months.	39.9
14. Business System Analyst - Funding for an additional position (Permanent 1.0 FTE) to accommodate the development and implementation of the RAPID (Responsive Applications and Permits Information Database) and provide support to the Building, Urban Planning and Bylaw divisions of the department. Funding is for six months.	12.9
15. Asset Management System Integration Project - Funding for a Business System Analyst (Casual 1.0 FTE) to complete the coordination and implementation of this system.	64.0
16. Cultural Capitals of Canada - Funding required to complete the project commitments. This is the final portion of the project and will be offset by funding from the Federal Government.	23.0
17. Regina Inner City Community Partnership - Funding required for a term coordinator (Casual 1.0 FTE) to continue the Regina Inner City Community Partnership Program which will be jointly funded by the Federal Government and the City.	57.0
18. RAPID Project - Funding for a Data Input Clerk position (Casual 0.5 FTE) to continue in the entering and converting of urban planning data. Funding is provided for six months.	16.1

Operating Budget Change Details	(\$000's)
19. Housing - Affordability and Choice Today (ACT) program - Funding required to apply to this program which identifies and promotes existing case studies developed by ACT that are relevant to improved housing in Regina. Costs will be offset by funding from the Federation of Canadian Municipalities.	5.0
20. Regina Solar Affordable Housing Project - Funding to complete the publication and promote the results of the project. Costs will be offset from CMHC funding.	10.0
21. Core Sustainable Neighbourhood Feasibility Study - Funding is required to enter into an application with the Federation of Canadian Municipalities to proceed with this study.	220.0
22. Decrease in the transfer to Golf Course Reserve - The transfer is calculated based on revenues less expenditures, including an allocation for administration costs.	(119.3)
23. Decrease in the transfer to Cemetery Reserve - the transfer is calculated on revenues less expenditures less an allocation for indigent burial plots.	(115.9)
24. Other cost changes.	(14.9)
2006 Budget	<u>34,113.1</u>

Transit Department

Overview

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

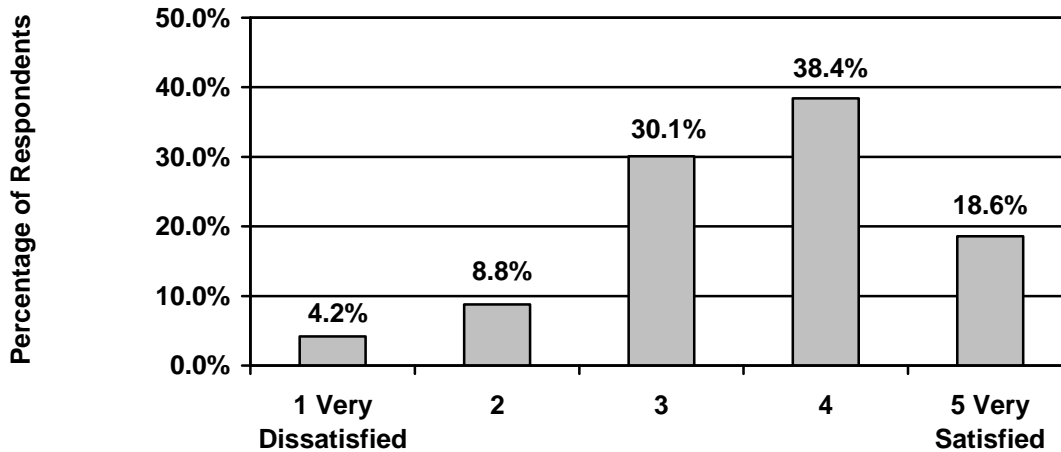
- The Public Transit Service provides transportation for Regina residents and visitors. Service is provided through a regularly scheduled, fixed route transit system.
- The Paratransit Service provides transportation to persons with disabilities who are unable to use public transit. The service is a 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 and 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 operating a public transit system that is fully accessible to people with mobility difficulties.
- 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 services provided. The following table indicates how those surveyed view transit services.

Rating of Transit Services



Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Public Transit:					
Transit Operations	11,211.2	11,071.2	12,285.9	1,074.7	9.6
Maintenance of Vehicles	2,458.3	2,301.0	2,530.2	71.9	2.9
Transit Administration	1,012.1	1,030.5	1,086.9	74.8	7.4
Information Centre	175.2	162.4	183.1	7.9	4.5
Marketing and Research	132.4	117.7	132.4	-	-
Training	133.1	111.9	140.1	7.0	5.3
Transfer to Equipment Reserve	-	22.0	19.8	19.8	-
	15,122.3	14,816.7	16,378.4	1,256.1	8.3
Paratransit	2,866.1	2,846.0	2,995.7	129.6	4.5
	17,988.4	17,662.7	19,374.1	1,385.7	7.7
Facility Costs ⁽¹⁾	662.9	607.0	677.0	14.1	2.1
Total	18,651.3	18,269.7	20,051.1	1,399.8	7.5

Note:

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

Staff Complement

Full Time Equivalents	2003	2004	2005	2006
Permanent	219.0	219.0	219.0	224.0
Casual	2.4	2.8	2.8	2.8
Total	221.4	221.8	221.8	226.8

Analysis of Operating Budget Change

<u>Operating Budget Change Details</u>	<u>(\$000's)</u>
2005 Budget	18,651.3
1. Salaries and Benefits - Includes cost changes resulting from salary increases, merit increases, classification reviews, employer benefit costs, and negotiated settlements for 2004, 2005 and 2006. It also includes the provision of five bus operator positions with a corresponding decrease in over time costs for 2006.	690.9
2. Paratransit Contract - The contracts provide for rate increases to June 30, 2008. The delivery of the Paratransit Service is managed through two contracts. One contract provides for the operation and maintenance of City-owned lift-equipped buses. The rate will increase July 1, 2006 from \$34.59 to \$35.63 for each hour of service provided. The second contract provides for the supply, operation and maintenance of minivans to deliver Paratransit Services. The rate will increase July 1, 2006 from \$31.42 to \$32.36 for each hour of service provided.	91.0
3. Fuel - In 2005 the price of fuel increased by 26%. This increase reflects the cost adjustment required on the current annual fuel consumption.	540.0
4. Tire Lease Cost - In September 2005, a contract was approved for the lease of tires to September 30, 2010. The annual increase will be adjusted by the Consumer Price Index for each year of the contract.	38.1
5. Security - To provide security services to the downtown main transit transfer points on 11th and 12th Avenues.	15.6
6. Facility Costs - Decrease in costs allocated for facility maintenance and operations.	14.1
7. Other cost changes	10.1
2006 Budget	<u><u>20,051.1</u></u>

Engineering and Works Department

Overview

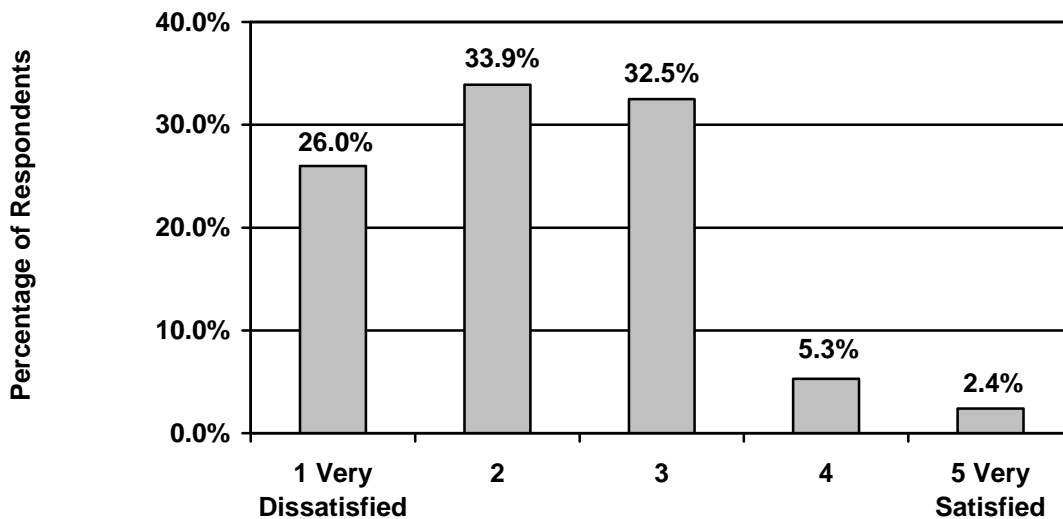
The Engineering and Works Department is responsible for the planning, design, construction, operation and maintenance of the following services:

- 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.

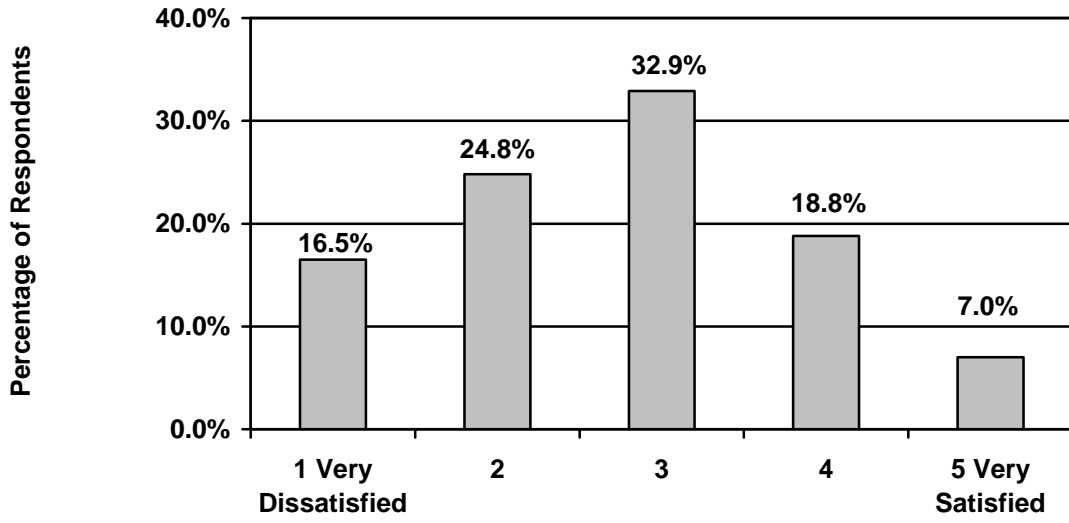
The water, wastewater and drainage services are delivered through the Water and Sewer Utility Budget and are not included in the General Operating Budget.

On a regular basis, the City of Regina gathers information from citizens with respect to services provided. The following tables indicate how those surveyed view services provided by the Engineering and Works Department.

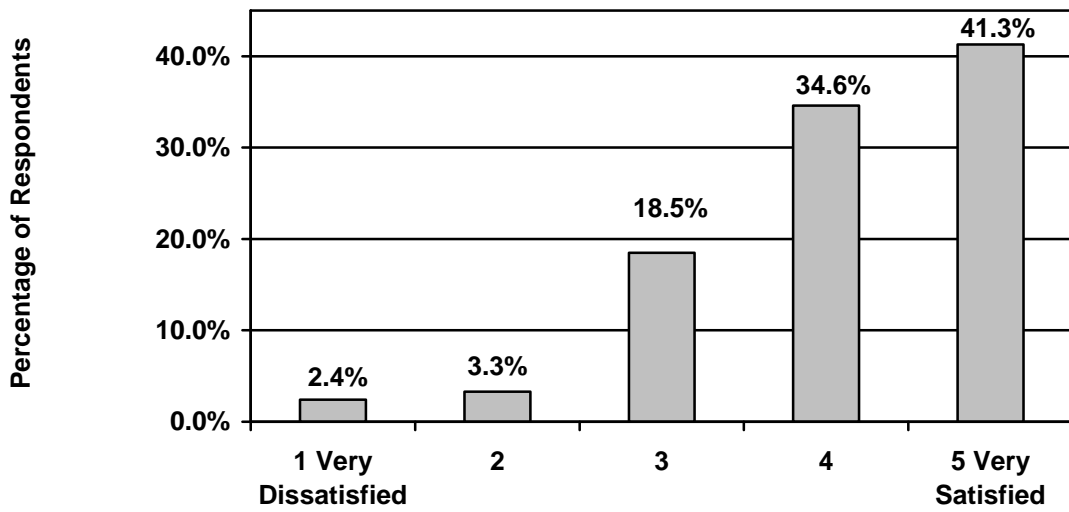
Rating of Street and Roads



Rating of Snow Ploughing Services



Rating of Garbage Removal Services



Operating Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Administration	1,467.2	1,571.4	1,531.1	63.9	4.4
Development & Technical Services	988.2	1,016.7	1,059.5	71.3	7.2
Roadways and Traffic:					
Roadways Engineering	672.5	677.5	944.7	272.2	40.5
Roadways Administration	1,960.7	1,954.5	2,060.6	99.9	5.1
Roadways Operations	3,492.3	3,139.1	3,400.6	(91.7)	(2.6)
Street Sweeping	766.3	832.4	819.1	52.8	6.9
Winter Road Maintenance	2,740.6	3,816.1	3,000.0	259.4	9.5
Maintenance of Alleys	2,741.5	2,534.0	2,761.8	20.3	0.7
Traffic Engineering	894.9	864.0	732.7	(162.2)	(18.1)
Traffic Operations	2,074.9	2,083.1	2,140.1	65.2	3.1
Street Lighting	3,278.7	3,268.3	2,804.0	(474.7)	(14.5)
Waste Management:					
Environmental Engineering	409.4	374.5	435.9	26.5	6.5
Solid Waste Administration	760.4	929.1	837.1	76.7	10.1
Residential Collection	2,397.0	2,513.9	2,608.2	211.2	8.8
Commercial Collection	268.4	274.7	308.3	39.9	14.9
Landfill Operations	1,263.6	1,746.5	1,556.6	293.0	23.2
Waste Minimization	539.4	484.7	550.8	11.4	2.1
Transfer to Landfill Reserve	3,218.3	2,634.0	3,256.6	38.3	1.2
	<u>29,934.3</u>	<u>30,714.5</u>	<u>30,807.7</u>	<u>873.4</u>	<u>2.9</u>
Facility Costs ⁽¹⁾					
Administration, Roadways & Traffic	286.5	261.8	296.2	9.7	3.4
Waste Management	161.0	145.3	164.9	3.9	2.4
	<u>447.5</u>	<u>407.1</u>	<u>461.1</u>	<u>13.6</u>	<u>3.0</u>
Total	<u><u>30,381.8</u></u>	<u><u>31,121.6</u></u>	<u><u>31,268.8</u></u>	<u><u>887.0</u></u>	<u><u>2.9</u></u>

Note:

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

Staff Complement

Full Time Equivalents	2004	2005	2006
Permanent	179.0	183.5	182.8
Casual	57.3	55.7	58.6
Total	<u><u>236.3</u></u>	<u><u>239.2</u></u>	<u><u>241.4</u></u>

Analysis of Operating Budget Change

Operating Budget Change Details	(\$000's)
2005 Budget	30,381.8
1. Salaries and Benefits - Includes cost changes resulting from merit increases, classification reviews, employer benefit costs and the general increases and negotiated settlement for 2004, 2005 and 2006. The negotiated increase for 2006 is 1.5%. Additional funding is also required as a result of increases provided for 2004 and 2005.	867.5
2. Delete 2005 Specials - Includes one time funding provided in 2005 for alley maintenance and the Southeast and Southwest Sector Plan Transportation Impact Studies.	(275.0)
3. Fleet Costs - Increase in equipment expenses due to the increased costs of fuel, fleet garage expenses and depreciation charges as vehicles and equipment are replaced.	109.4
4. Administrative Support - Funding to meet an increased demand for administrative support in Engineering and Works. A Clerk Typist III is added, offset in part by eliminating existing funding for casual staff. The position will primarily support the Sewage Treatment Plant. It is being funded 75% by the General Utility Budget and 25% by the General Operating Budget. (Increase 0.25 permanent fte)	4.8
5. Southeast Sector Plan Transportation Impact Study - Funding for the completion of the study started in 2005.	55.0
6. Southwest Sector Plan Transportation Impact Study - Funding for the completion of the study started in 2005.	60.0
7. Transportation Planning Model Upgrade - Funding to update the City's travel demand model. The model is a strategic analysis tool used to establish and support the Regina Development Plan, Sector Plans, and the Regina Road Network Plan. It also helps achieve the Regina's Transportation Strategy objective to promote land use that supports a sustainable transportation system. The total cost of the upgrade is \$250,000 with \$50,000 allocated in 2006 and \$200,000 proposed for 2007.	50.0
8. Pavement Patching - Funding for the increased expenses related to addressing defects primarily on high speed roadways. (Increase 0.3 casual fte)	30.0
9. Alley Maintenance - In 1996 City Council approved a ten year alley maintenance strategy. Alley maintenance is funded through a special tax levied on abutting property owners. The levy increase is 3% for 2006 and will allow the strategy to be fully implemented. (Increase 2.0 casual fte)	70.3
10. Traffic Counting Program - Funding to extend the program to meet demands created by city growth as well as changes to the type and quantity of data that is needed. The data collected is used to prioritize snow clearing, plan emergency response routes, determine the need for new traffic signs and signals, design traffic calming devices, review and approve application for new development and assess the need for capacity and safety improvements.	11.0
11. Street Lighting - Decrease in electricity costs for existing street and alley lights due to SaskPower rate reductions to bring rates in line with actual costs.	(474.7)
12. Residential Solid Waste Collection Expansion - Funding to accommodate city growth of approximately 500 new houses. (Increase 1.1 casual fte)	60.0
13. Condominium Rebate - Increased funding required due to increased condominium development.	50.0

Operating Budget Change Details	(\$000's)
14. Landfill Gas Control - A new landfill gas collection and control system will be installed in 2006. This is a new and technically sophisticated operation and will require new staff and other resources. (Increase 1.0 permanent fte)	77.5
15. Big Blue Bin Program - Additional funding is required to meet increased costs of the Big Blue Bin hauling contract which has an escalation clause for 2006.	30.0
16. Landfill Small Vehicle Transfer Station - Full year funding for the small vehicle transfer station which was opened 2005.	75.0
17. Landfill Reserve Transfer - The transfer equals the net revenue for the landfill operation plus an amount for residential waste equal to the cost of the landfill rates applied.	38.3
18. Facility Costs - Increase in the facility maintenance and operation costs.	13.6
19. Other cost changes.	34.3
2006 Budget	<u>31,268.8</u>

Costing Fund Budget Summary

Overview

The Costing Fund was established to account for 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 and leasing properties when required for City operations, selling or leasing City-owned properties, performing land development functions, and the sale 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 and the Fuel/Lube Centre, including 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.
- Roadways Operations – this operation provides for the maintenance and repair of roadway and sidewalk cuts made for the City water and sewer operations. The costs of the repairs are charged to the Water and Sewer Utility Budget.
- 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 provides landscape services, with the costs charged to operating or capital budgets within Community Services and other Departments, or in some instances to external organizations.

Pursuant to the 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 other operations in the Costing Fund, the purpose of the costing fund is to function as a cost distribution mechanism. All of the costs are allocated to other operating and/or capital budgets.

Costing Fund Expenditure Summary (\$000's)

Expenditures	2005 Budget	2005 Actual	2006 Budget	Change 2005 to 2006	
				Dollar Change	Per Cent Change
Corporate Services:					
Facilities & Energy Management	4,989.1	5,618.3	5,474.5	485.4	9.7
Fleet Services	12,065.7	12,067.9	13,371.0	1,305.3	10.8
Information Systems	1,633.6	1,649.1	1,549.8	(83.8)	(5.1)
Real Estate	494.3	1,978.2	663.0	168.7	34.1
	<u>19,182.7</u>	<u>21,313.5</u>	<u>21,058.3</u>	<u>1,875.6</u>	<u>9.8</u>
Engineering and Works:					
Granular Material & Asphalt Plant	3,514.8	2,890.4	3,718.0	203.2	5.8
Roadway Operations	952.6	1,132.4	1,251.7	299.1	31.4
	<u>4,467.4</u>	<u>4,022.8</u>	<u>4,969.7</u>	<u>502.3</u>	<u>11.2</u>
Community Services:					
Open Space - Landscape	1,261.5	807.1	1,319.1	57.6	4.6
	<u>24,911.6</u>	<u>26,143.4</u>	<u>27,347.1</u>	<u>2,435.5</u>	<u>9.8</u>

