

MEDIA RELEASE – **Embargoed until 2:00 pm September 20, 2:00 pm**

Saskatoon, Saskatchewan

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Sound Fiscal Management for Future Generations

Saskatoon, Saskatchewan, September 20, 2016

Saskatoon has experienced significant growth in the past 10 years. We've grown in population and geographic size, developed several new neighbourhoods and witnessed a number of large projects. The City has, in fact, budgeted \$2.3 billion to support various capital projects since 2008, many of them indeed necessary to support that growth. But with record tax increases since 2012 and a slowing provincial economy, residents are concerned that spending is out of control.

"Even during good times, capital projects have to be carefully scrutinized so they don't place an unfair burden on future taxpayers", says Kelley Moore, mayoral candidate in the October 26 municipal election.

Rising Debt

Saskatoon's net debt grew from just \$41 M in 2006 to over \$238 M by the end of 2014, more than a five-fold increase. "These commitments have far outpaced our population growth, our tax income growth, and inflation during the same time period", notes Moore. Saskatoon taxpayers paid about \$30 M to service that debt in 2015, up from \$5 M in 2006. "That's a significant expenditure, and it's been rising fast despite record low interest rates", says Moore. "We need better control, and more information, on our expenditures."

Full Project Costing

Cities can get into trouble a number of ways. For one, growth has to be properly costed, because it doesn't pay for itself. Saskatoon's growth has been subsidized by tax revenues from existing neighbourhoods and from future generations. "We're simply not passing on the true costs of greenfield developments, and are minimizing more economical options, such as infill", says Moore.

Even the way each individual development is designed has a bearing on that cost. "Over the past 10 years, new housing developments opened up in all corners of the city. And while we need a supply of housing, each new neighbourhood is being developed checkerboard style, with construction scattered throughout each. This means we need to build and service roads through large areas where we won't see homes for many years. That's not smart," says Moore.

Improved Project Management

Most capital projects are delayed and exceed their budgets, placing an additional burden on businesses and taxpayers. For example, we still don't know the final cost of the new art gallery. The last estimate for renovating the Mendel Art Gallery was \$21.5 M. When a new gallery was proposed, it was quoted as costing



\$55 M by the City of Saskatoon. That cost soon rose to \$85 M and the most recent estimate is \$106 M. But the construction isn't complete, and costs may rise even further. "Costs for the Rемаi Modern Art Gallery have already nearly doubled from the initial estimates", warns Moore. "This is a classic case of runaway costs. At least an accrual accounting and reporting system, as advocated by the CD Howe Institute for Canadian municipalities, would allow full project costs to be known sooner."

Exposing Hidden Future Costs

"Hidden and future costs need to figure more prominently in the decision-making process", says Moore. Additional operational costs are part of any capital project, and these compete directly with our existing commitments such as policing, street maintenance, and transit services. For example, operating costs for the Rемаi Modern Art Gallery will cost the City an additional \$2 M per year by 2017, and that's not counting the proposed admission fees. "Any new facility will bring with it higher operating costs. We need clear answers on how these will be financed and what services will be impacted as a result", says Moore.

A Sound Funding Plan

Ultimately, cities require a sound and sustainable funding plan. One of the key alternatives to raising taxes is to grow our tax base. "We can grow and retain small business by addressing the tax differential. Reducing property tax rates for business stimulates investment. I support the Chamber of Commerce goal of reducing the commercial property tax rate to 1.43 times the residential rate", says Moore. Once this is established, we can revisit current tax abatement incentives. "We don't want to randomly approve multi-million dollar tax abatements for some projects and not others. That's not fair to anyone", says Moore.

Accountability and Openness

Financial accountability and transparency are the hallmarks of Moore's campaign. These can be achieved through open dialogue, community input and developing a financial dashboard that the citizens of Saskatoon can access to follow fiscal progress. "Good leadership seeks all opportunities for building a better city, one that uses tax resources more efficiently, and avoids undue burdens on future tax payers. Efficient use of resources will ultimately permit higher service levels. That is what my campaign is all about", says Moore.

On **Tuesday, September 20, at 2:00 pm** Kelley Moore will be making a direct statement based on this release at the Moore4Mayor Campaign Office located at 207 Third Avenue North (across from City Hall). **We welcome members of the Media to attend.**

For more information contact:
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