



PUBLIC AGENDA - SPECIAL MEETING GOVERNANCE AND PRIORITIES COMMITTEE

Thursday, June 22, 2023, 9:30 a.m.

Council Chamber, City Hall

Committee Members:

His Worship Mayor C. Clark, Chair

Councillor C. Block

Councillor T. Davies

Councillor R. Donauer

Councillor B. Dubois

Councillor S. Gersher

Councillor H. Gough

Councillor D. Hill

Councillor Z. Jeffries

Councillor D. Kirton

Councillor M. Loewen

*Submissions providing comments and/or requesting to speak will be accepted for public meetings using the online form at [Saskatoon.ca/write-letter-council-committees](https://saskatoon.ca/write-letter-council-committees). If your submission includes a request to speak, you will be contacted by a representative from the City Clerk's Office with further information. **Submissions will be accepted no later than 5:00 p.m. on the Monday the week of the meeting.***

Pages

1. CALL TO ORDER

2. CONFIRMATION OF AGENDA

Recommendation

That the agenda be confirmed as presented.

3. DECLARATION OF CONFLICT OF INTEREST

4. ADMINISTRATIVE AND LEGISLATIVE REPORTS

4.1	2024/2025 Budget Inflationary & Phase-in Decisions [GPC2023-0617]	4 - 16
	A report of the Corporate Financial Services Division is provided.	
	An additional report of the Corporate Financial Services Division regarding budget reduction allocations is provided.	
	Recommendation	
	<ol style="list-style-type: none"> 1. That the Administration be directed to include option 2 in the 2024/2025 Preliminary Business Plan and Budget; and 2. That the report of the Corporate Financial Services regarding the 2024 and 2025 budget reduction allocations be accepted as information. 	
4.2	Community Support Business Line Information [GPC 2023-0614]	17 - 30
	A report of the Corporate Financial Services Division is provided.	
	Recommendation	
	That the Governance and Priorities Committee direct Administration to include the following options in the 2024/2025 Preliminary Business Plan and Budget:	
	<ol style="list-style-type: none"> 1. Option 2 – A further 10% increase in all pet licenses 2. Option 3 – A further 3% increase to Cemetery Rates and Fees 	
4.3	Saskatoon Fire Business Line Information Report [GPC2023-0618]	31 - 41
	A report of the Corporate Financial Services Division is provided.	
	Recommendation	
	That the Governance and Priorities Committee direct Administration to include the following options in the 2024/2025 Preliminary Business Plan and Budget:	
	<ol style="list-style-type: none"> 1. Option 1A – Defer the Fire Services Asset Management Position; and 2. Option 1C – Defer the Communications Consultant. 	
4.4	Arts, Culture and Events Venues Business Line Budgetary Information [GPC 2023-0614]	42 - 48
	A report of the Corporate Financial Services Division is provided.	

Recommendation

That the Governance and Priorities Committee direct Administration to include the following options in the 2024/2025 Preliminary Business Plan and Budget:

1. Option 1 - Reduce the phase-in of the CBCM contribution for Remail Modern by \$41,000 in 2024 and reassess in future budgets.

4.5 Taxation and General Revenues Business Line Budgetary Information [GPC 2023-0615]

49 - 59

A report of the Corporate Financial Services Division is provided.

Recommendation

That the Governance and Priorities Committee direct Administration to include the following options in the 2024/2025 Preliminary Business Plan and Budget:

1. Option 1B – Phase out of the \$100,000 Interest Stabilization support over two years;
2. Option 2 – An increase of \$5.00 for the Manual Tax Certificate/Tax Search Fees and a \$10 increase for the Online Tax Certificate/Tax Search fees;
3. Option 3 – A 0.25% increase in the City's Current and Arrears monthly Property Tax Penalty Rates; and
4. Option 4 – An increase to Parking Ticket Penalty Amounts of \$50 to \$70 for late pay penalties and \$30 to \$40 for the reduced penalty rate for parking offences related to parking in a pay parking area where purchased time has expired.

5. ADJOURNMENT

2024/2025 Budget Inflationary & Phase-in Decisions

ISSUE

The City's 2024/2025 Budget is being significantly impacted by inflationary and phase-in pressures. A decision is required to determine how best to approach these pressures within the 2024 and 2025 budget. This report focuses on 11 areas that account for 53.1% of the City's \$52.4 million projected funding gap to maintain existing services heading into 2024.

BACKGROUND

History

At the August 22, 2022, Governance and Priorities Committee, while discussing [Options for Inclusion of the Transit Service Model within Indicative Budget](#), Committee resolved in part:

"That the Governance and Priorities Committee recommend to City Council that Option 3 – Inclusion of a Phased-In Transit and other Step Growth amounts be included within the Indicative Budget in each Budget Year"

As reported at the June 14, 2023 Governance and Priorities Committee ([2024 and 2025 Budget Status Update](#)) the City is facing significant inflationary pressures in 2023 that are expected to persist into 2024 and beyond. In order to maintain service levels, such as the City's 1 in 20-year treatment cycle for roadways and sidewalks in the City, inflationary allocations would be required in order to maintain the City's purchasing power in this rising cost environment. Anything less than fully accounting for inflation will lead to reduced purchasing power for the program.

As outlined in the June 14, 2023 report several step-growth allocations have been included in the 2024 budget including building a base for future transit routes, the East Leisure Centre, Fire Station requirements and allocations to a future Emergency Snow Event Response.

Current Status

An overview of the most significant inflationary allocations that have been included in the Administration's forecasted costs to maintain existing services can be seen below:

- A reduction in the Return on Investment (ROI) from Saskatoon Light and Power in 2024 of \$3.3 million. This reduction is to help support the Saskatoon Light and Power (SL&P) asset management plan to retain existing buying power due to inflationary pressures where costs of materials and supplies have increased by approximately 33%. This reduction in ROI is in addition to the funding gap that was previously reported at \$7 million to achieve the required level of investment to support the asset management requirements.

- The City's road preservation/rehabilitation program targets a 1 in 20 year treatment cycle. To maintain this service level, the program must receive inflationary and growth allocations otherwise the program service level will slowly erode. Growth requirements, to account for added lane kilometers of roadways, are estimated to be \$590,000 in 2024 and \$746,300 in 2025. In terms of inflationary pressures, the program has seen significant inflationary impacts in 2023 (30% plus increases in prices) and is estimated to require \$10.20 million in additional funding in 2024 to maintain the service level and \$2.49 million in 2025 when inflation is expected to return to a closer to normal range.
- The inflationary impact on the replacement of Fire Apparatus has been significant in recent years with the cost to replace an Engine increasing from approximately \$900,000 to \$1.5 million per unit. To maintain Saskatoon Fire's (SFD) current replacement strategy, an additional \$770,000 (67% increase) is required in 2024. In addition, a smaller inflationary amount has been included in 2024 and 2025 (\$50,000) due to inflationary pressures felt by the Small Equipment Replacement Reserve.

SFD is responding to an increasing number of calls year over year, resulting in increased operating hours on fire apparatus. NFPA 1901 recommends that apparatuses greater than 15 years old that have been properly maintained and that are still in serviceable condition be placed in reserved status. Currently SFD is exceeding this and is keeping frontline apparatus operational for a minimum of 18 years.

An Alternative Response Vehicle pilot project will be proposed through the Reserve for Capital expenditures options process. The project is a green initiative involving smaller vehicles which will reduce emissions. This will reduce the fire apparatus hours, maintaining the existing useful life of large apparatus and reduce the impact on maintenance and mechanical schedules.

- The City's Civic Buildings Comprehensive Maintenance (CBCM) program targets a funding contribution of 1.2% of a buildings valuation each year as per [Bylaw No. 6774, The Capital Reserve Bylaw](#). As per the June 6, 2023 [Facilities Asset Management Plan Update](#), this funding contribution was at 0.98% in 2021 and is at risk of falling to 0.78% based on significant increases in building valuations and associated maintenance costs. To maintain the 0.98% funding contribution from 2021, an inflationary increase of \$2.7 million in 2024 would be required.
- In 2022 the rates for gas and diesel increased significantly and at the 2023 Preliminary Business Plan and Budget Meeting, the 2023 budget for fuel was adjusted to estimated rates of \$1.60/L for gas and \$1.70/L for diesel (after a \$0.10/L reduction as approved by City Council). The estimated 2024 rates are \$1.76/L for gas and \$1.87/L for diesel and the 2025 estimated rates are \$1.94/L for gas and \$2.06/L for diesel. These rates are volatile and could vary significantly to actual rates in those years. If, in these years the actual fuel rates are lower than anticipated, any surplus in the budget can be put into the Fuel Stabilization Reserve. The Fuel Stabilization Reserve balance is currently \$0 as it was fully utilized at the 2022 year-end. From January 1 to June 3, 2023, the average rates have been \$1.32/L for gas and \$1.35/L for diesel. It is important to

note that this is only based on the first 5 months and often fuel rates are higher in the summer which may drive the 2023 average rates upwards by year-end.

City Council can choose to reduce the estimated amount in each year. If City Council would like to decrease the 2024 or 2025 projection, every \$0.05/L reduction to the rates is estimated to be \$350,000.

The second area that is having a significant impact is inclusion of step-growth pressures to address future operating requirements. An overview of some of the most significant step-growth pressures included in the 2024/2025 forecast can be seen below:

- As part of the City's Major Capital Prioritization Process, the construction and opening of two new fire stations on the west side of the city were identified as priority number one and two for Saskatoon Fire. While one of these stations will be staffed through the redeployment of an existing crew, the other station will require a deployment of a new Fire Fighter crew which is funded through the operating budget. With operations forecasted to begin as early as 2026, the annual operating budget of \$3.78 million is being recommended to be phased in from 2024-2026 with \$1.26 million included in each year. Funding contributions in 2024 and 2025 will be utilized to offset the capital cost of construction and phase-in the hiring of new Fire Fighters in 2025, until the funding is required in 2026.
- \$208,500 in each of 2024 and 2025 to begin to build a base budget for future transit service expansion to Aspen Ridge, Evergreen and North Kensington.
- \$600,000/year beginning in 2024 to build base funding for the future East Leisure Centre operating requirement expected to open in 2029. While the base funding is being allocated and not required by operations it will contribute towards the City's share of the construction cost of the facility.
- 2024 and 2025 both include \$1.61 million to phase-in funding to repay the estimated \$15 million in costs from the 2022 snowstorm event and build in a base for future responses. The current plan is for 100% of the 2024 allocation to go towards the repayment of the 2022 event which would take approximately 10 years (assuming a \$5 million allocation from the 2024-2035 Major Capital Funding Plan). The 2025 allocation would then be used as base funding towards a reserve to contribute to future events.
- Included in the budget is a \$1.80 million annual allocation to the capital reserve to ensure the City is appropriately funding the growth needs for its transit fleet. Historically the City has been very reliant on Federal Funding programs to not only replace buses but also bring on additional buses to support a growing network. This allocation would allow the City to bring on one electric bus or one – two diesel buses per year to support the growing network and increased service delivery requirements.

Another significant item included in the 2024/2025 budget is the phase-out of the Negative Contingency/Targeted Savings. Specifically, an impact of \$3.9 million is included in the 2024 forecast to phase out the Negative Contingency or Global Reduction that was added to the budget during the pandemic. As evidenced by recent

years' operating results these targets have been a contributing factor to the recent deficits.

Approaches in Other Jurisdictions

In terms of inflationary allocations, The City of Regina has a two-year budget process (2023/2024) with their 2024 budget preliminarily approved as the second year of the cycle. Included in Regina's [2023- 2024 Budget](#) on page 29, it states:

“a planned increase of approximately 3 per cent to continue to address the infrastructure gap at the City”

Saskatoon has been facing inflationary requirements of 30% plus in many of the capital contribution areas in this report (SL&P, Roadways, Facility Maintenance and Fire Apparatus). The Administration does not have any insight into whether Regina will re-visit their planned 2024 contribution to capital based on the current inflationary landscape in Saskatchewan and Canada or proceed with the originally planned 3% increase.

OPTIONS

The following options focus on 11 decision points related to inflationary and other impacts. Of the \$52.4 million funding gap that was presented to the June 14, 2023 Governance and Priorities Committee these 11 items account for \$27.0 million or 51.5% of the pressures facing the City heading into 2024. A high-level overview of the amounts included in the 2024 projection are outlined below:

2024 Budgetary Forecast	Amount (in millions)
SL&P ROI Inflationary Reduction	\$ 3.3
Roadway Preservation Inflation	\$10.2
Saskatoon Fire Apparatus Replacement Inflation	\$ 0.8
Civic Building Comprehensive Maintenance Inflation	\$ 2.7
Fuel Estimates	\$ 1.2
Future Fire Station Phase-in	\$ 1.3
Transit Service Future Service Phase-in	\$ 0.2
Snow & Ice Emergency Response Phase-in	\$ 1.6
Transit Bus Growth Phase-in	\$ 1.8
Negative Contingency Phase-Out	\$ 3.9
TOTAL Amount include in 2024 Forecasts	\$27.0

Options to lessen the impact of these pressures can be found below.

Option 1 – Deferral and Planned Future Phase-in

This option would mainly consist of adding 50% of the required inflationary impact in 2024 and 2025 and planning on phasing in the additional impacts in future years or providing the opportunity to re-evaluate the inflationary environment in future years.

2024/2025 Budget Inflationary & Phase-in Decisions

It would also include the deferral of many of the Step-Growth Items. A full outline of the options can be seen below:

Inflationary Items	Option	2024	2025	2026	2027	2028	2029
Saskatoon Light & Power ROI	Fund at 100% of current funding plus 50% of the projected inflationary requirements plus 100% of the added growth impact. Remaining inflation will be planned to be phased in over 5 years or reassessed if inflationary pressures subside.	\$ (1,650,000)	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000
Roadway Preservation		\$ (5,100,000)	\$ 1,020,000	\$ 1,020,000	\$ 1,020,000	\$ 1,020,000	\$ 1,020,000
Saskatoon Fire Apparatus		\$ (385,000)	\$ 77,000	\$ 77,000	\$ 77,000	\$ 77,000	\$ 77,000
CBCM		\$ (1,343,000)	\$ (268,600)	\$ (268,600)	\$ (268,600)	\$ (268,600)	\$ (268,600)
Fuel Estimates		\$ (700,000)	\$ (700,000)	\$ -	\$ -	\$ -	\$ -
Total Inflationary Change		\$ (9,178,000)	\$ 458,400	\$ 1,158,400	\$ 1,158,400	\$ 1,158,400	\$ 1,158,400
Other Items							
Saskatoon Fire Station Phase-in	Reduce the 2024/2025 planned phase in of \$1.26M by 2/3 and add it back to the operating budget when the station opens in 2026.	\$ (837,000)	\$ (837,000)	\$ 2,929,000	\$ -	\$ -	\$ -
Transit Future Service Phase-in	Reduce the 2024/2025 planned phase in of \$208,500 by 100% and add to the operating budget when the Transit Service is required.	\$ (208,500)	\$ (208,500)	\$ 417,000	\$ -	\$ -	\$ -
East Leisure Operating Phase-in	Reduce the 2024/2025 planned phase in of \$600,000 by 100% and add it back over 5 years beginning in 2026.	\$ (600,000)	\$ (600,000)	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Snow & Ice Phase-in	Reduce the 2024/2025 planned phase in of \$1.61 million by 50% and allocate it towards repaying the 2022 Emergency Snow Event over 10 years.	\$ (805,000)	\$ (805,000)	\$ -	\$ -	\$ -	\$ -
Transit Bus Growth Allocation	Reduce the \$1.8 million allocation for Transit Bus Growth by 2/3 in 2022 and continue to rely on Federal Funding and aging buses for growth requirements	(1,200,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Negative Contingency	Reduce the \$3.9 million phase out of the Negative Contingency/Targetted Savings in 2024 by 25% and phase that amount over 3 years beginning in 2026.	(969,800)	\$ -	\$ 323,300	\$ 323,300	\$ 323,200	\$ -
Total Other Items		\$ (4,620,300)	\$ (2,450,500)	\$ 4,419,300	\$ 1,073,300	\$ 1,073,200	\$ 750,000
Total Combined Change		\$ (13,798,300)	\$ (1,992,100)	\$ 5,577,700	\$ 2,231,700	\$ 2,231,600	\$ 1,908,400

The impacts of this options include:

- The purchasing power for Saskatoon Light & Power, Roadway Preservation, Fire Apparatus and Facilities Maintenance (CBCM) will all decrease in 2024. Work will be re-prioritized to complete as much as possible in 2024, however, it will be a decrease over work performed in the past if inflationary prices persist.
- Deferring step-growth requirements (Fire Stations, Transit and East Leisure Centre) will place additional pressure on future budgets. For example, when the next Fire Station opens (assuming 2026) the full operating impact will be required in one year.
- Deferral of the Snow & Ice Phase-in will leave enough funding to repay the 2022 Emergency Snow Event over 10 years (assuming a \$5 million allocation from the 2024-2035 Major Capital Funding Plan). Base funding to respond to future events will not be available.
- Deferral of Transit bus replacement phase-in would mean the City would not have a sustainable plan in place to continue to fund the growth requirements of the program. Existing buses would continue to be kept once replaced to service the growing demand.

Option 2 – More Significant Deferral and Future Phase-in

This option would increase the reductions to the 2024/2025 inflationary impacts and step-growth requirements over option 1 as follows:

Inflationary Items	Option	2024	2025	2026	2027	2028	2029
Saskatoon Light & Power ROI	Fund at 100% of current funding plus 25% of the projected inflationary requirements plus 100% of the added growth impact. Remaining inflation will be planned to be phased in over 5 years or reassessed if inflationary pressures subside.	\$ (2,475,000)	\$ 495,000	\$ 495,000	\$ 495,000	\$ 495,000	\$ 495,000
Roadway Preservation		\$ (7,650,000)	\$ 1,530,000	\$ 1,530,000	\$ 1,530,000	\$ 1,530,000	\$ 1,530,000
Saskatoon Fire Apparatus		\$ (577,500)	\$ 115,500	\$ 115,500	\$ 115,500	\$ 115,500	\$ 115,500
CBCM		\$ (2,014,500)	\$ 402,900	\$ 402,900	\$ 402,900	\$ 402,900	\$ 402,900
Fuel Estimates		\$ (1,050,000)	\$ (1,050,000)	\$ -	\$ -	\$ -	\$ -
Total Inflationary Change		\$ (13,767,000)	\$ 1,493,400	\$ 2,543,400	\$ 2,543,400	\$ 2,543,400	\$ 2,543,400
Other Items							
Saskatoon Fire Station Phase-in	Reduce the 2024/2025 planned phase in of \$1.26M by 100% and add it back to the operating budget when the station opens in 2026.	\$ (1,255,000)	\$ (1,255,000)	\$ 3,765,000	\$ -	\$ -	\$ -
Transit Future Service Phase-in	Reduce the 2024/2025 planned phase in of \$208,500 by 100% and add to the operating budget when the Transit Service is required.	\$ (208,500)	\$ (208,500)	\$ 417,000	\$ -	\$ -	\$ -
East Leisure Operating Phase-in	Reduce the 2024/2025 planned phase in of \$600,000 by 100% and add it back over 5 years beginning in 2026.	\$ (600,000)	\$ (600,000)	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Snow & Ice Phase-in	Reduce the 2024/2025 planned phase in of \$1.61 million by 50% and allocate it towards repaying the 2022 Emergency Snow Event over 10 years.	\$ (805,000)	\$ (805,000)	\$ -	\$ -	\$ -	\$ -
Transit Bus Growth Allocation	Reduce the \$1.8 million allocation for Transit Bus Growth by 100% in 2022 and continue to rely on Federal Funding and aging buses for growth requirements	(1,800,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Negative Contingency	Reduce the \$3.9 million phase out of the Negative Contingency/Targetted Savings in 2024 by 50% and phase that amount over 3 years beginning in 2026.	(1,939,600)	\$ -	\$ 646,500	\$ 646,500	\$ 646,600	\$ -
Total Other Items		\$ (6,608,100)	\$ (2,868,500)	\$ 5,578,500	\$ 1,396,500	\$ 1,396,600	\$ 750,000
Total Combined Change		\$ (20,375,100)	\$ (1,375,100)	\$ 8,121,900	\$ 3,939,900	\$ 3,940,000	\$ 3,293,400

The impacts of this option would be similar to Option 1, except for the fact the impacts would be more significant as inflationary allocations are being reduced by up to 75% (but still include current funding plus growth requirements) as well as a higher level of reduction to the other items. This option will put additional pressure on future years budgets in order to bring service levels back up if inflationary pressure persists, as well as 100% of funding will be required in the year Fire Stations and Transit routes become operational.

Option 3 – Combination

This option would include a combination of options specific to the 11 inflationary and other items included in this report. Committee has the option of 0% - 100% reduction of the forecasted requirements for these programs. If Committee wished to proceed with this option, the Administration would recommend a process where each item is reviewed separately, and motions put forward for potential reductions for each item. Once those motions are on the floor, they would be voted on from the highest reduction to the lowest until a motion passes. Once a motion passes, the Administration would build the 2024/2025 Preliminary Business Plan and Budget based on that direction.

RECOMMENDATION

That the Administration be directed to include option 2 in the 2024/2025 Preliminary Business Plan and Budget.

RATIONALE

Option 2 is being recommended because the Administration does not see another readily available path to get the potential 2024 property tax impact under 10% without implementing this option. While this option would result in decreased purchasing power for the City over several programs in 2024 and potentially beyond due to significant inflationary pressures, the actual dollar investment would continue to be a record high in many areas as 2023 base funding would continue to be provided along with full growth allocations and some level of inflationary increases. The reduction in inflationary requirements would be planned to be phased-in in future years or reassessed if inflationary pressures were to subside.

NEXT STEPS

Business Line reports will continue to be brought forward to Committee throughout the upcoming special budget meetings to provide additional insight into the other financial pressures facing the City. In addition to the insight, these reports will also bring forward additional options for Committee's consideration.

REPORT APPROVAL

Written by: Clae Hack, Chief Financial Officer
Reviewed by: Executive Leadership Team
Approved by: Jeff Jorgenson, City Manager

Admin Report - 2024/2025 Budget Inflationary & Phase-in Decisions.docx

2024 and 2025 Budget Reduction Allocation Estimates

ISSUE

This report provides an estimate of the amount of reductions that would be required in each Business Line to achieve a 4%, 6% or 9% property tax increase for 2024 and 2025 as previously directed by City Council.

BACKGROUND

At the June 14, 2023 at the Governance and Priorities Committee meeting when considering the [2024/2025 Budget Status Update](#), Committee resolved in part that:

- “ 4. Would the administration quantify the amount of changes required to have a 4% tax increase in 2024 and a 4% tax increase in 2025 in each business line. Please ensure that the Board of Police Commissioners is provided the same information.
5. Would the administration quantify the amount of changes required to have a 6% tax increase in 2024 and a 6% tax increase in 2025 in each business line. Please ensure that the Board of Police Commissioners is provided the same information.
6. Would the administration quantify the amount of changes required to have a 9% tax increase in 2024 and a 9% tax increase in 2025 in each business line. Please ensure that the Board of Police Commissioners is provided the same information.”

CURRENT STATUS

To achieve a 9%, 6% or 4% property tax increase in 2024 and 2025 the following reductions would be required from the projected funding gap.

Property Tax Impact	2024 Reduction Required	2025 Reduction Required
9%	\$26,987,125	N/A Property Tax would already be under 9% at 7.56%
6%	\$35,460,325	\$5,296,519
4%	\$41,109,125	\$11,480,481

To assist in future Business Line reviews, the Administration has prepared forecasts on what it would require for each business line to achieve. When determining the allocations, there are several methods that could be used to illustrate the allocation. An overview of two possible allocation methods are outlined below:

Allocation Method Option 1 – Percentage of Operating Revenue & Expenditures

Allocation method 1 includes allocating a percentage of the required reductions based on operating revenues and expenditures. This perspective is useful as it provides insight into what an allocation across the organization would look like based on the size of their budgets and not necessarily based on the amount of pressure they are adding

to the funding gap since different business lines are experiencing different levels of financial pressure.

The following tables utilize the 2023 budget for the projected allocations with the following adjustments:

1. Urban Planning and Development, Recreation and Culture, Transportation and Saskatoon Land self balancing programs have been removed since they do not impact the property tax (Licenses and Permits, Building & Plumbing Permits & Standards, Golf Courses, Nutrien Playland, Gordie Howe Campsite, Riverlanding and the Impound Lot);
2. Debt Servicing has been removed from the Corporate Governance and Finance business line since there is no opportunity to adjust this expenditure; and
3. Taxation and General Revenue have not been included in the allocation since there is limited control over increasing these revenue sources (Grants-in-lieu, Franchise Fees, Municipal Revenue Sharing, etc.)

Considering these adjustments, an overview of the projected reductions required to achieve a certain property tax for each business line can be seen below:

2024 Reduction Allocations (Revenue + Expenditures Allocation Method)				
Business Line	4% Property Tax	6% Property Tax	9% Property Tax	
Arts, Culture and Events Venues	\$ 654,224	\$ 564,327	\$ 429,482	
Community Support	\$ 1,645,093	\$ 1,419,041	\$ 1,079,963	
Corporate Asset Management	\$ 1,118,234	\$ 964,577	\$ 734,093	
Corporate Governance and Finance	\$ 4,334,297	\$ 3,738,722	\$ 2,845,359	
Environmental Health	\$ 2,252,989	\$ 1,943,406	\$ 1,479,032	
Recreation and Culture	\$ 5,060,168	\$ 4,364,851	\$ 3,321,875	
Saskatoon Fire	\$ 3,973,048	\$ 3,427,112	\$ 2,608,208	
Saskatoon Police Service	\$ 9,383,097	\$ 8,093,767	\$ 6,159,771	
Transportation	\$ 12,159,545	\$ 10,488,703	\$ 7,982,441	
Urban Planning and Development	\$ 528,431	\$ 455,819	\$ 346,902	
Total	\$ 41,109,125	\$ 35,460,325	\$ 26,987,125	

2024 and 2025 Budget Reduction Allocation Estimates

2025 Reduction Allocations (Revenue + Expenditures Allocation Method)			
Business Line	4% Property Tax	6% Property Tax	
Arts, Culture and Events Venues	\$ 182,840	\$ 84,353	
Community Support	\$ 459,765	\$ 212,112	
Corporate Asset Management	\$ 312,520	\$ 144,181	
Corporate Governance and Finance	\$ 1,211,334	\$ 558,849	
Environmental Health	\$ 629,658	\$ 290,493	
Recreation and Culture	\$ 1,414,198	\$ 652,440	
Saskatoon Fire	\$ 1,110,374	\$ 512,271	
Saskatoon Police Service	\$ 2,622,355	\$ 1,209,823	
Transportation	\$ 3,389,753	\$ 1,563,862	
Urban Planning and Development	\$ 147,684	\$ 68,134	
Total	\$ 11,480,481	\$ 5,296,519	

It is Important to note that the 9% projection has not been provided in the 2025 forecast, since the starting point is already below that figure.

Allocation Method Option 2 – Percentage of Funding Gap

Allocation method 2 includes allocating a percentage of the required reductions based on where the funding gap pressures are coming from in 2024 and 2025. This method provides a different perspective as it provides a higher allocation to those areas that are contributing the most to the projected funding gap.

2024 Reduction Allocations (Funding Gap Allocation Method)				
Business Line	4% Property Tax	6% Property Tax	9% Property Tax	
Arts, Culture and Events Venues	\$ 143,085	\$ 123,424	\$ 93,932	
Community Support	\$ 92,883	\$ 80,120	\$ 60,975	
Corporate Asset Management	\$ 5,230,084	\$ 4,511,419	\$ 3,433,421	
Corporate Governance and Finance	\$ 3,062,438	\$ 2,641,628	\$ 2,010,415	
Environmental Health	\$ 1,643,085	\$ 1,417,309	\$ 1,078,645	
Recreation and Culture	\$ 2,862,485	\$ 2,469,151	\$ 1,879,151	
Saskatoon Fire	\$ 3,647,761	\$ 3,146,523	\$ 2,394,665	
Saskatoon Police Service	\$ 6,348,890	\$ 5,476,490	\$ 4,167,889	
Transportation	\$ 17,910,212	\$ 15,449,172	\$ 11,757,612	
Urban Planning and Development	\$ 168,203	\$ 145,091	\$ 110,421	
Total	\$ 41,109,125	\$ 35,460,325	\$ 26,987,125	

2024 and 2025 Budget Reduction Allocation Estimates

2025 Reduction Allocations (Funding Gap Allocation Method)			
Business Line	4% Property Tax	6% Property Tax	
Arts, Culture and Events Venues	\$ 45,677	\$ 21,073	
Community Support	\$ (24,109)	\$ (11,123)	
Corporate Asset Management	\$ 881,166	\$ 406,526	
Corporate Governance and Finance	\$ 910,100	\$ 419,874	
Environmental Health	\$ 351,985	\$ 162,388	
Recreation and Culture	\$ 1,245,628	\$ 574,671	
Saskatoon Fire	\$ 1,025,219	\$ 472,984	
Saskatoon Police Service	\$ 2,980,346	\$ 1,374,982	
Transportation	\$ 3,932,908	\$ 1,814,447	
Urban Planning and Development	\$ 131,562	\$ 60,696	
Total	\$ 11,480,481	\$ 5,296,519	

It is important to note that 2024 and 2025 allocations in method 2 have been adjusted for the following factors:

- The Environmental Health Business Line did not include the portion related to removing the Black Bin Program (\$7.4 million) to isolate the projected increases for that Business Line;
- Corporate Governance and Finance did not include the costs of reducing the Corporate Contingency, increased payroll costs and Microsoft Licensing since those costs are required across the organization and not solely related to this Business Line; and
- Corporate Governance and Management also removed Debt Servicing since this is not directly related to the operations of this Business Line.

Impact of Options Presented on June 22, 2023 Report

If all of the recommendations included in the June 22, 2023 report to the Special Governance and Priorities Committee were approved, they have the following impact on each business line:

2024 and 2025 Budget Reduction Allocation Estimates

June 22 Recommended Options 2024 and 2025 Impact			
Business Line	2024	2025	Total
Arts, Culture and Events Venues	\$ (41,000)	\$ -	\$ (41,000)
Community Support	\$ (110,000)	\$ (30,000)	\$ (140,000)
Corporate Asset Management	\$ (2,014,500)	\$ 402,900	\$ (1,611,600)
Corporate Governance and Finance	\$ (2,744,600)	\$ (805,000)	\$ (3,549,600)
Environmental Health	\$ -	\$ -	\$ -
Recreation and Culture	\$ (600,000)	\$ (600,000)	\$ (1,200,000)
Saskatoon Fire	\$ (2,088,500)	\$ (1,139,500)	\$ (3,228,000)
Saskatoon Police Service	\$ -	\$ -	\$ -
Transportation	\$ (10,708,500)	\$ 271,500	\$ (10,437,000)
Taxation & General Revenue	\$ (3,791,000)	\$ 495,000	\$ (3,296,000)
Urban Planning and Development	\$ -	\$ -	\$ -
Total	\$ (22,057,100)	\$ (1,405,100)	\$ (23,462,200)

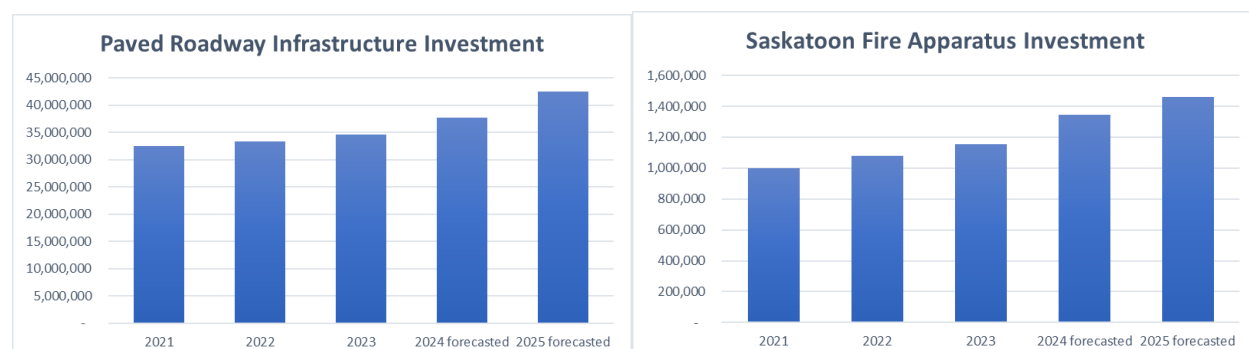
It is important to note that figures in brackets in the previous table represent reductions to the funding gap, while figures without brackets would represent increases to the funding gap if City Council chose to phase in some of the deferrals as per several of the recommendations.

Impact of Adjustments

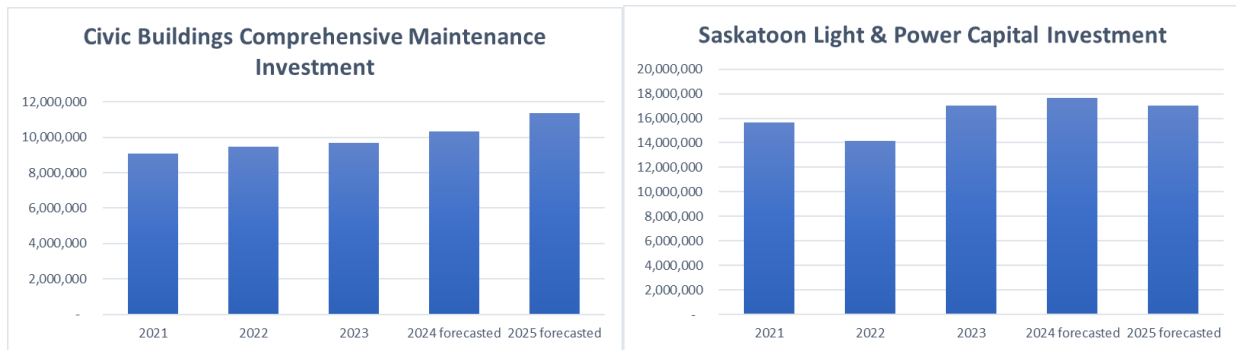
It is important to note, that while the impact of inflation has eroded the City's purchasing power in many areas, many of the investments such as Roadways, Facilities and Fire Apparatus will still be the largest dollar investments ever made for the City of Saskatoon.

An overview of the 2021 – 2025 forecasted contributions to various reserves are outlined and graphed below:

Program	Annual Investment				
	2021	2022	2023	2024 forecasted	2025 forecasted
Paved Roadway Infrastructure	\$ 32,519,000	\$ 33,306,000	\$ 34,635,000	\$ 37,775,000	\$ 42,539,000
Saskatoon Fire Apparatus Contribution	\$ 1,000,000	\$ 1,077,000	\$ 1,152,000	\$ 1,344,500	\$ 1,460,000
Saskatoon Light & Power Allocation	\$ 15,678,000	\$ 14,145,000	\$ 17,025,000	\$ 17,646,000	\$ 17,021,000
Civic Buildings Comprehensive Maintenance	\$ 9,063,000	\$ 9,480,000	\$ 9,668,000	\$ 10,343,000	\$ 11,347,900



2024 and 2025 Budget Reduction Allocation Estimates



NEXT STEPS

This report and tables will continue to be provided and updated heading into each Special Budget meeting during the summer.

REPORT APPROVAL

Written by: Clae Hack, Chief Financial Officer

Approved by: Jeff Jorgenson, City Manager

Admin Report - 2024 and 2025 Budget Reduction Allocation Estimates.docx

Community Support Business Line Information

ISSUE

As the City of Saskatoon (City) heads into its planning for the 2024 and 2025 Business Plan and Budget Cycle, there continues to be several budgetary pressures the City is facing. This report will provide information and Administrative recommendations on the Community Support Business Line.

This process has been established so that City Council can provide early direction to the Administration, on what to include in the 2024/2025 Preliminary Business Plan and Budget which will be considered by City Council in November 2023 during the 2024/2025 Business Plan and Budget deliberation meeting.

BACKGROUND

At its March 15, 2023 meeting when considering the [2023-2025 Budgetary Pressures and Trends](#) Report, Governance and Priorities Committee (GPC) resolved in part:

“That Administration report back on a potential special budget meeting process to address some of the budgetary challenges and pressures for the upcoming two-year budget cycle. That this report include recommendations on using the existing Governance and Priorities Committee/Finance Committee meeting schedule vs. having special budget/Finance committee meetings and recommendations for organizing these special budget meetings based on departmental budgets or based on service lines or some combination.”

At its April 12, 2023 meeting when considering the [2024/2025 Business Plan and Budget Process Report](#), GPC resolved:

“That Option 3 be approved, and the City Clerk’s office be directed to schedule Special Budget Meetings for the presentation of Business Line-based reports if the Governance and Priorities Committee Capacity does not exist as outlined in the April 12, 2023 report of the Chief Financial Officer.”

CURRENT STATUS

The multi-year business plan and budget process which includes the following key steps:

1. Develop the cost to maintain existing services considering city growth, inflation pressures, and updated revenue estimates. This step is also used to present and discuss required corrections of base budgets and phase-in of funding plans.
2. Provide a summary of the information from Step 1 to the GPC.
3. Use cross-divisional teams to discuss City Council’s strategic priorities and develop options to achieve these priorities.
4. Present a list of Business Plan Options to City Council for prioritization.

DISCUSSION/ANALYSIS

Each business line report presented through the Governance and Priorities or through the Special Budget Meetings will have the same general outline to provide information to City Council. The categories in each report will be:

1. Expenditure Overview
2. Service Level Review
3. Pandemic Challenges
4. 2024/2025 Pressures
5. Potential Options

Additionally, if the business line has Business Plan and Budget Options for operating that will be presented at the August 2023 Governance and Priorities Committee meeting there will be a summary of these items that are not included within the 2024 and 2025 Budget Status Update report that was presented at the June 14, 2023 Governance and Priorities Committee.

Appendix 1 includes the information for the Community Support business line. The Community Support Business Line is a collection of various community support related services and includes:

- Animal Services;
- Cemeteries;
- Community Development; and
- Community Investments and Supports.

OPTIONS

Appendix 1 provides the full information regarding the options available to Committee.

Option 1 – Reductions to Community Grants and Investments

Option 2 – Increase to Pet Licensing Rates and Fees

Option 3 – Increase Cemetery Rates and Fees

Option 4 – Decrease the transfer to new Cemetery Development Fund Reserve

Option 5 – Reduce maintenance service levels at the Cemetery

Option 6 – Reduce Perpetual Care Fund transfer to eliminate mill rate support

RECOMMENDATION

That the Governance and Priorities Committee direct Administration to include the following options in the 2024/2025 Preliminary Business Plan and Budget:

1. Option 2 – A further 10% increase in all pet licenses
2. Option 3 – A further 3% increase to Cemetery Rates and Fees

RATIONALE

The provided recommendations aim to strike a balance in addressing the significant cost pressures the City is facing heading into 2024/2025 with a more reasonable property tax increase. While there are implications to the provided recommendations to service levels and increases in user fees, the Administration believes it provides reasonable options to lessen the financial impact included in the 2024/2025 budget.

FINANCIAL IMPLICATIONS

The financial implications of this business line will be deliberated at the 2024/2025 Business Plan and Budget Deliberations meeting.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

Any direction from Committee on this report will be incorporated into the 2024/2025 Business Plan and Budget process. Decisions for 2024/2025 Business Plan and Budget will be made by City Council during the budget deliberation meeting which will be held on November 28 to 30, 2023 where the budget implications of all business lines will be deliberated.

APPENDICES

1. Community Support Business Line

REPORT APPROVAL

Written by: Teresa Quon, Senior Financial Business Partner
Kari Smith, Director of Finance

Reviewed by: Andrew Roberts, Director of Recreation and Community Development
Darren Crilly, Director of Parks
Lynne Lacroix, General Manager, Community Services
Clae Hack, Chief Financial Officer

Approved by: Jeff Jorgenson, City Manager

Admin Report - Community Support Business Line Information.docx

Community Support Business Line

The Community Support Business Line is a collection of various community support related services including Animal Services, Cemeteries, Community Development and Community Investments & Supports.

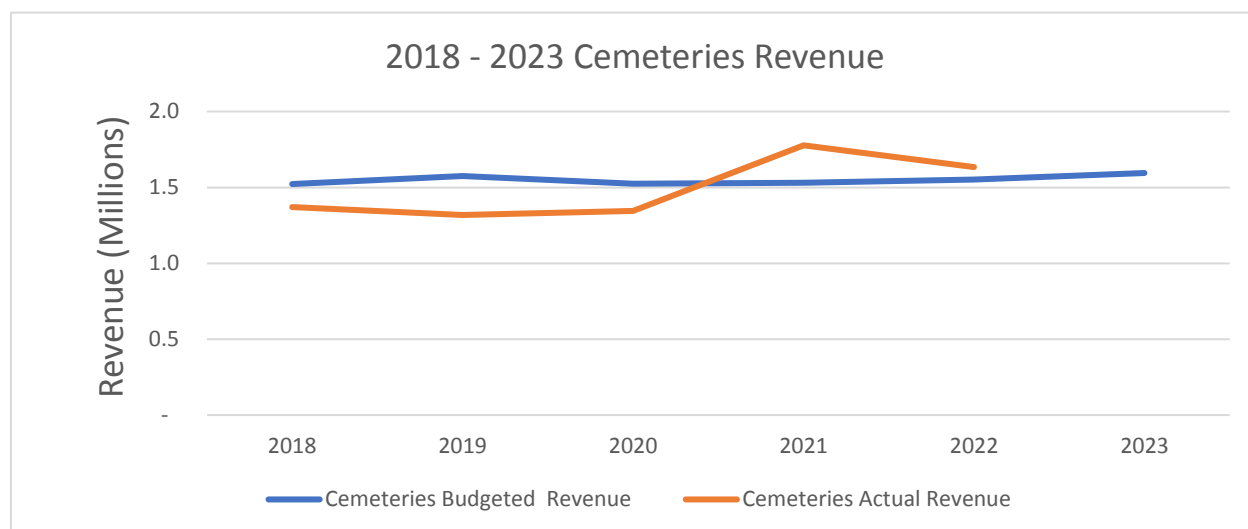
The 2023 Budget for this Business Line includes \$21.6 million in expenditures and \$2.8 million in operating revenues. The remaining costs of \$18.8 million are funded by general revenues including property taxes.

Revenue Overview

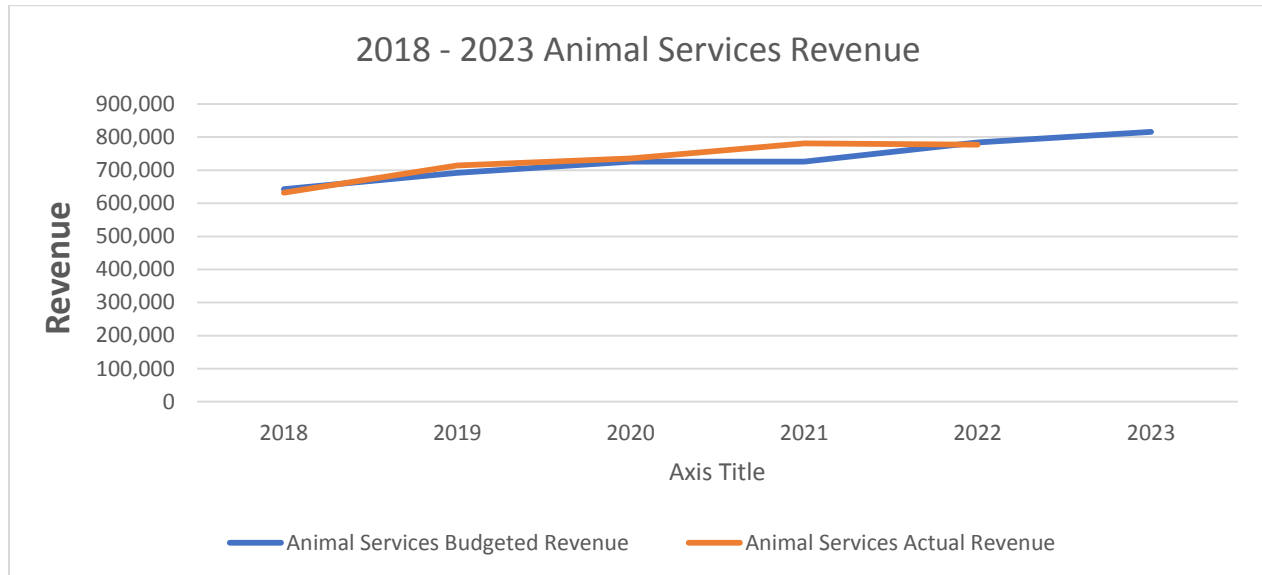
In 2023 the Community Support Business Line is budgeted to generate \$2.8 million in operating revenue. \$1.59 million comes from the Cemeteries Service line, which is approximately 57% of all operating revenue in this Business Line. A full breakdown of operating revenue can be seen below.

Service Line	2023 Op Rev (in millions)	% of Overall Op Rev.
Animal Services	\$0.82	29.29%
Cemeteries	\$1.59	56.79%
Community Development	\$0.39	13.92%
Community Investments & Support	\$0.00	0.00%
Community Support Business Line	\$2.80	100.00%

As outlined above Cemeteries Revenue is one of the biggest operating revenue sources in this Business Line. Although 2021 saw a slight increase due in part to higher than budgeted investment earning from the Perpetual Care Fund, Cemeteries revenue over the past five years has remained stable and has not seen any significant changes due to the pandemic.



Although 2020 showed an unfavorable variance from budget due to lower than budgeted number of interments, Administration expects to maintain consistent revenue increases in the future due to inflationary rate increases and implementation of the Cemetery Master Plan.



Animal Services Revenues, which are primarily comprised of pet license and pound fees, have increased by 27% over the last five years. This increase is the result of both the increasing number of pet licenses sold and rates. The largest volume increase occurred in 2021 and is attributable to the increase in pet ownership during the pandemic.

Expenditure Overview

The two service lines with the largest expenditures are Community Development (\$4.07 million) and Community Investments & Supports (\$13.85 million), which make up 83% of all expenditures within this Business Line. An overview of all the service lines 2023 operating expenditures can be seen below:

Service Line	2023 Op. Exp. (in millions)	% of Overall Op. Exp.
Animal Services	\$ 2.05	9.50%
Cemeteries	\$ 1.62	7.50%
Community Development	\$ 4.07	18.85%
Community Investments & Support	\$13.85	64.15%
Community Support Business Line	\$21.59	100.00%

Another way to look at this information is by Budget Category. As seen below 83% of expenditures in the Community Support Business Line are for and Donations, Grants & Subsidies (56%) and Contracted & General Services (27%).

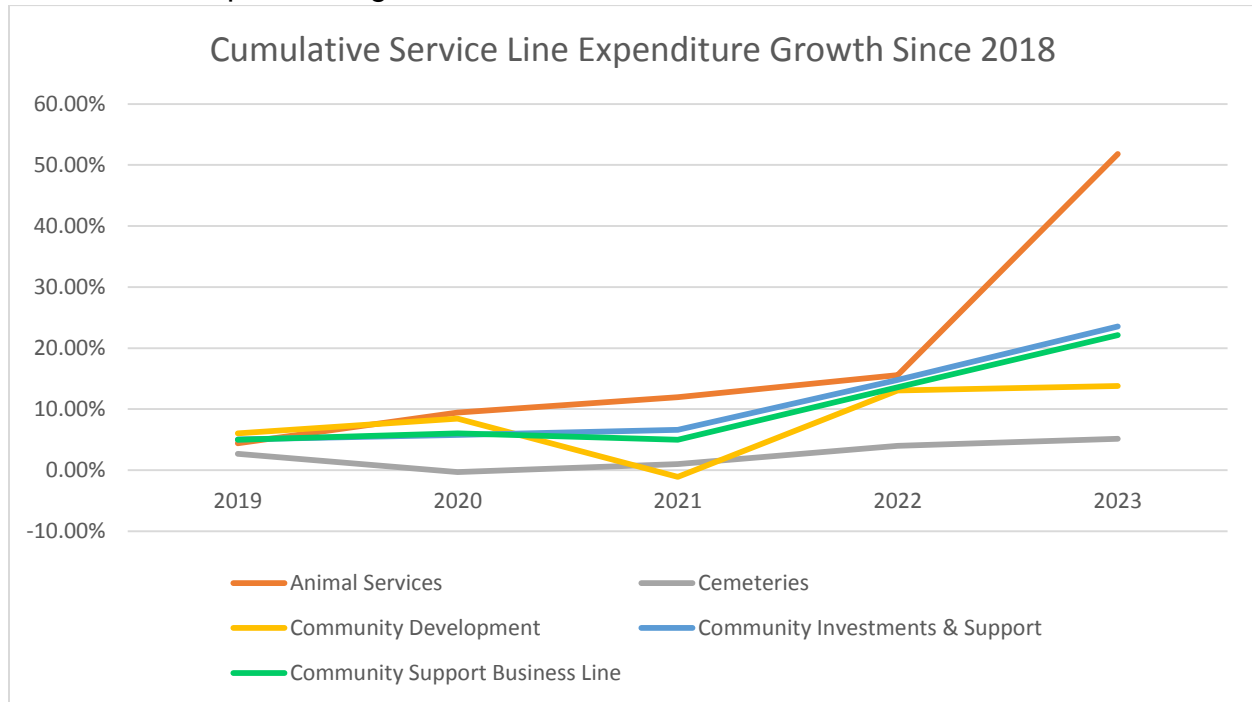
Budget Category	2023 Budget (in millions)	% of Overall Expenses
Wages & Benefits	\$ 2.71	12.55%
Contracted & General Services	\$ 5.81	26.91%
Utilities	\$ 0.15	0.70%
Donations, Grants, Subsidies	\$12.00	55.58%
Materials Goods & Supplies	\$ 0.18	0.83%
Transfers to Reserve/Capital	\$ 0.80	3.71%
Cost Recoveries	(\$ 0.06)	(0.28%)
Community Support Business Line	\$21.59	100.00%

A couple of additional key observations are:

- 71% of all wages and benefits for the Community Support Business Line relate to Community Development, and supports 18.85 FTE as per the 2023 budget, which administer programs and support community associations, the heritage program, cultural, social development, community, Indigenous and a variety of program grants.
- 92% of all Donations, Grants & Subsidies for the Community Support Business Line are for Community Investments & Support. Examples of some of the City's largest community investments & supports in 2023 include:
 - \$1.54 million for a variety of Cultural and Heritage Grants most notable for Wanuskewin Heritage Park (\$214,000) a variety of smaller application-based tax abatements (\$190,000), Cultural Participation Grants (\$653,000) and Provision of Civic Services (\$245,000);
 - \$2.72 million for Social Grants and Tax Abatements including the White Buffalo Youth Lodge (190,000), Leisure Centre Accessibility Subsidy (851,000), Detoxification Centre (108,000), Burial of the Impoverished (50,000) as well as a variety of tax abatements (680,000) and cash grant programs (574,000) to smaller organizations governed by City Council policy;
 - \$2.58 million for Sport related programs most notably \$2.3 million for Youth Sport Subsidies and \$200,000 for the Recreation and Sport Tax Abatement Program;
 - \$4.47 million for Economic Development programs including a \$885,000 grant for the Saskatoon Regional Economic Development Authority (SREDA) and \$3.58 million for a variety of application based Economic Incentives;
 - \$579,000 for a grant for Discover Saskatoon; and
 - \$2.1 million for other grants and subsidy programs including \$1.43 million for the Meewasin Valley Authority, \$431,000 towards the Special Events Reserve and \$95,000 for a one-time grant to the SPCA.
- 90% of all transfers to reserve/capital for the Community Support Business Line are under Community Investments & Support (45%) to be used for grant and

subsidy programs and Cemeteries (45%) which are transfers to the Perpetual Care and Cemetery Assurance Funds.

The expenditures in the Community Support Business Line have grown by 22.13% over the past five years for an average of 4.43% per year. A graphical overview of each service lines expenditure growth can be seen below:



The service lines that have seen the largest expenditure growth over the past five years (greater than 20%) include:

- 44.76% increase in Animal Services expenditures from 2018 to 2023.
 - This increase is largely due to an increase of 29.20% in 2023 related to the \$359,500 negotiated increase to the Pound Keeper Agreement.
 - Other items contributing to this increase relate to a \$15,000 increase to the transfer to the Animal Services reserve and an \$11,000 inflationary increase to the Animal Control Enforcement Contract.
- 24.41% increase in Community Investments & Support from 2018 to 2023.
 - Although the Community Investments & Support service line experienced regular increases of approximately 2.88% per year from 2019 – 2020, it saw greater increases in expenditures averaging 6.22% per year from 2021-2023, for an overall average increase per year of 4.88% for the last five years.
 - The largest increase relates to an increase in the 2023 budget (8.37%) mainly due to an increase in Economic Incentives including Downtown/Affordable Housing Incentives, the Mortgage Support Program and Vacant Lot Adaptive Reuse Incentives.

- Other items include increases to the Youth Sport Subsidy program that provides for subsidies on the rental costs of facilities to deliver sports programs to youth, inflationary increase to the Meewasin Valley Authority grant and an increase to the Heritage Fund. Also included in 2023 are reductions to the transfer to the Special Events Reserve of \$68,700 and the SPCA animal cruelty investigations grant of \$77,600.

Service Level Overview

Service levels are a key driver for the City's expenditure requirements. The following section provides an overview of key service levels for each. Of note some of the biggest service levels that are driving costs within the City's Community Support Business Line are the service hours and operator requirements for Animal Services as well as the City's Community Investments & Support grant obligations.

Animal Services		
Service	Sub-Service	2023 Service Level
Off Leash Recreational Areas (Dog Parks)	Dog Poop Bag Dispenser Servicing	2 times per week April through October and 1 time a week November through March.
	General Waste Collection	2 times per week April through October and 1 time a week November through March.
	Avalon and Sutherland Waste Collection	2 times per week throughout the year.
	Pathway Snow Clearing	As required after heavy snow falls.
Animal Bylaw Enforcement	Customer Service	Office hours 9am to 5pm weekdays and telephone service 24/7.
	April through October	7am to 10pm weekdays with 3 animal control officers and 1 dispatch on duty. 7am to 10pm weekends with 2 animal control officers and 1 dispatch on duty.
	November through March	7 days a week 8am to 8pm with 1.6 FTE animal control officers and 1 FTE dispatch on duty.
Pound Services	Pound Services	Minimum of 56 hours per week with the expectation that the Pound would maintain regular business hours. Telephone services 24/7.
Licensing	Licensing Locations	City Hall, the Saskatoon Animal Control Agency, the SPCA, or any participating pet license vendors.

Community Development		
Service	Sub-Service	2023 Service Level
Community Associations Support (47 total associations)	Staff Support	8 community consultants.
	Operating Grant	Annual financial support to cover insurance, financial administration and program advertising including newsletters.
	Fall & Winter Program Supports	Fall & Winter program financial grants and rentals for elementary school gymnasiums.
Other Support	Supports to sport, culture, recreation and social serving agencies and organizations	Consultative support and advice to settlement serving agencies, arts, culture and festival organizations, social serving agencies and representing the City at partnership tables such as Saskatoon Poverty Reduction Partnership.
Community Investments & Support		
Service	Sub-Service	2023 Service Level
Cash Grants and Tax Abatements	Culture and Heritage	Major cultural organizations (\$2 per capita target), Wanuskewin Heritage Park Partnership; Provision of civic services, tax abatements and Heritage Facade Grant.
	Social	Cash grants to 48 social serving organizations (\$2 per capita target) and tax abatements to 22 agencies.
Grants	Sport	Grants to support youth sport subsidy (at a rate of 40% rental subsidy for eligible organizations) and for sport organizations to offer accessible sport programs.
	Economic Development	Funding for economic incentives and SREDA.
	Tourism	Tourism Saskatoon and Saskatoon Sport Tourism Grants.
	General	Funding to support Meewasin Valley Authority; Saskatoon Prairieland Park; SPCA.

Cemeteries		
Service	Sub-Service	2023 Service Level
Mowing	Season	mid-May until mid-September.
	Frequency	up to 18 times/season.
Weed Trimming	Season	Mid-May until mid-September.
	Frequency	Up to 7 times/season.
Irrigation		Application of 25 MM/week inclusive of precipitation from June 1 to Aug 31.
Shrub Beds / Flowerbeds		Serviced up to 8 times.
Fertilization and Aeration		1 time per season.
Litter and Waste Management	Receptacles	Waste collected a minimum of once a week beginning of May to mid-October. Waste collected a minimum of once every three weeks mid-October to end of April.
	Turf and shrub beds	Litter is picked up in conjunction with mowing and line trimming operations.
Snow Clearing	Asphalt roadways only	Cleared within 24 hours of snowfall ending.
Landscaping of Interment Site		2 weeks after interment (May 1 – September 30) with exception of off-season (October 1 to April 30) which is completed by April 30.
Service Requests		Depending on nature of request, reviewed within 48 hours and if work is required, completed within 2 weeks.

Pandemic Challenges

This business line was largely unaffected by the Pandemic as the majority of the Business Line expenditures are for Community Investments and grants which continued to be delivered throughout the pandemic.

2024/2025 Pressures Included in the Budget Status Update

While the Administration is still in the process of quantifying the exact pressures that this Business Line is expected to experience in 2024 and 2025, some of the known pressures today include:

- An estimated \$271,200 increase in 2024 to Pound Services and Bylaw Enforcement required because of the recent tender process for those services and a further \$42,300 in 2025.
- The estimates include an overall decrease of \$366,800 in abatements and economic incentives in 2024 and a further \$363,000 decrease in 2025. The main contributors to these significant decreases include:
 - The value of the Saskatoon Airport Tax Abatement is based on the difference between the ad valorem property taxes for the property and the actual property taxes they pay via their agreement. As the Saskatoon Airport saw a significant decrease in their ad valorem property taxes in 2023 (\$114 million to \$72 million assessment) the calculated value of their tax abatement also decreased. Overall, this change is revenue neutral for the City as the Airport continues to pay property taxes under their existing agreement, however, from a budget perspective, the City's Property Tax Growth was adjusted in 2023 resulting in a negative impact while the abatement in 2024 will result in a corresponding positive impact to the mill rate.
 - The remainder of the change is due to the expiration of agreements under the City's Economic Incentive, Downtown/Affordable Housing Program, Other Agreements and Vacant Lot programs as well as the estimated starting of any other known new agreements.
- Increase in 2025 of \$137,500 to the Youth Sport Subsidy program based on anticipated increases in youth participation and rental rates.
- Inflationary increases to the Meewasin Valley Authority Grant of \$42,800 in 2024 and \$36,900 in 2025.
- The remainder of the increases relate to increases to grants based on population growth, a new grant and utility costs for the Pleasant Hill Rink, and small inflationary increases.

Additional 2024/2025 Pressures Not Included in the Budget Status Update

The Budget Status Update presented is Administration's estimate on the costs to maintain existing services when considering growth, inflation, and base budget adjustments. The previous section outlined some of the significant pressures included with that estimate, however, it is important to note there are additional pressures required to move towards achieving the City's Strategic Priorities, address growing service level expectations such as asset management funding gaps and respond to everchanging community needs, that were not included. These options will be quantified and presented in a future report which will give City Council the option to discuss and potentially add these items to the 2024/2025 Budget. For the purpose of this report a high-level contextual overview of some of these key pressures not included in the budget status update can be seen below. The most prevalent pressure is from community non-profit organizations, particularly from social serving agencies, for new

and or increased grant funding from the City in response to inflation and a growing need among the community for support programs.

- Cash Grant Social Funding increase to provide funding levels up to \$4 per capita for the cash grant component by 2027 requires an additional \$456,000 to be phased in over four years at \$114,000 per year.
- Culture Grant Funding increase to provide funding levels up to \$4 per capita by 2027 requires an additional \$300,000 to be phased in over four years at \$75,000 per year. Current funding equates to \$3.35 per capita with the average cultural grant support in other Canadian cities is \$3.74 per capita.

Potential Options:

Option 1 – Reductions to Community Grants and Investments

An option is to reduce contributions to any of the City-provided Community Investments and Support programs. Any reductions to Community Investments and Supports would have an impact on the amount of funding community groups receive or impact the City's ability to deliver on a particular mandate, at a time when pressures, due to inflation and increased demand for service, for non-profit organizations are increasing.

Funding provided by the City to community groups through various programs is leveraged by these organizations to deliver a wide variety of programs and services to the community. A reduction in funding support from the City would reduce the capacity for these organizations to deliver programs and services at their current levels.

Option 1A - An option within the funding provided to community groups, that is not directly tied to the annual program service delivery of community-based organizations, would be to reduce the funding provided to special events through grants and the provision of civic services. The 2023 budget includes annual funding to special events grant reserve of \$431,300 (which was reduced by \$68,700 in the 2023 budget) and to the provision of civic services of \$245,000. The annual amount could be reduced with the resulting impact being that special events would be required to address their operating costs by other means including potentially paying for civic services at some level. The impact may result in increased admission costs for residents to attend special events and/or a reduced number of special events offered for resident's enjoyment.

Option 1 B - Another option would be to reduce the Youth Sport Subsidy base percentage of support. The current policy provides essentially a 40% subsidy to offset the facility rental costs for organizations providing youth sports activities. The 2023 budget includes \$2,304,600 in funding for the Youth Sport Subsidy. The policy could be amended to reduce level of subsidy with the immediate impact being that sport organizations would be required to cover rental costs at a higher level resulting in increased user fees and/or reduced program offerings. The resulting impact could be reduced access for youth to sport programs. In addition, sport organizations may not be able to meet the requirements for long term athlete development as per national sport governing body programs. For example, every 1% decrease in the subsidy rate would

reduce the annual operating requirement by approximately \$57,500. This change could also reduce usage at recreational facilities, both city and privately owned, increasing the costs to access these facilities and potentially their long-term sustainability.

Option 2 – Increase Pet Licensing Rates and Fees

An option is to further increase the Rates and Fees for Pet Licensing. The 2024-2025 Budget Status Update includes an increase to pet licensing rates and fees with a total increase in revenues of approximately 3% annually based on the new rates and volumes. The revenue generated from pet licensing mitigates the impact to mill rate support required to deliver and maintain existing animal services when considering growth and inflation. The 2024-2025 budget includes pet licensing revenue of \$816,800 in 2024 and \$841,000 in 2025. An option would be to further increase the pet licensing rates to generate additional revenue. For example, a further increase in pet licensing rates of 10%, (i.e., spay/neutered dog license rate increasing from \$32 to \$35; spay/neutered cat license increasing from \$20 to \$22) with all things being equal would potentially generate an additional \$80,000. If the increase is too large, it has the potential for fewer residents purchasing a pet license, resulting in reduced volumes and the corresponding reduction in revenues. In researching the current pet licensing rates in comparison with other cities, the City of Saskatoon's rates are on par with the average pet licensing rates in those municipalities investigated.

Option 3 – Increase Cemetery Rates and Fees

An option is to further increase the Rates and Fees for Cemetery services. The 2024-2025 Budget Status Update includes an increase to Cemetery rates and fees of approximately 3% in both 2024 and 2025. The 2024-2025 budget includes additional Cemetery revenue of \$30,800 in 2024 and \$31,600K in 2025. An option would be to further increase Cemetery Rates and Fees by an additional 3% in both 2024 and 2025 potentially generating an additional \$60,000 of revenue, over two years. The potential negative consequences associated with a significant additional rate increase would include reduced volumes and corresponding reduction in revenues due to the Cemeteries pricing structure being less competitive with other service providers in the Saskatoon region.

Option 4 – Decrease the transfer to new Cemetery Development Fund Reserve

The Budget Status Update includes a transfer to establish the new Cemetery Development Fund Reserve. The amount of the transfer is equal to the revenue generated from the proposed rate increase, specifically \$30,800 in 2024 and \$31,600 in 2025. An option would be to reduce or eliminate the transfer to the Reserve. This would have the impact of delaying the implementation of the Cemetery Master Plan.

Option 5 - Reduce maintenance service levels at the Cemetery

An option is to reduce the level of maintenance service levels at the Woodlawn Cemetery. Landscape inputs such as flowers, tree and shrub replacement, water and fertilizer applications and staffing inputs could be reduced resulting in savings of approximately \$20,000 in 2024. Historical levels of landscape aesthetics would be reduced, and delays associated with the provision of cemetery maintenance would

occur. The potential negative consequence associated with the proposed reduction of maintenance service levels would include customer and visitor dissatisfaction with reduction in landscape aesthetics.

Option 6 - Reduce Perpetual Care Fund transfer to eliminate mill rate support

The Cemetery Program is intended to be a self-balancing program, whereby revenues in excess of expenses are held in the Cemetery Stabilization Reserve; the reserve is then available to fund any situations where program expenditures exceed revenues. The Cemetery Program has not yet been in the position to contribute to the stabilization reserve and has relied on mill rate support. In 2024 the mill rate support is estimated to be \$53,500 and \$77,300 in 2025. Perpetual care fee revenue is transferred to the Perpetual Care Fund, where the accumulated funds are invested, and in turn earnings from the fund are transferred back to the program as revenue. In addition to the annual perpetual care fees, a flat amount of \$114,000 is transferred to this reserve to accelerate the accumulation of the investment base in order to generate higher earnings. An option is to reduce the flat contribution by an amount that offsets the mill rate support needed for the Cemetery program. The Fund would continue to receive any perpetual care fees earned during the year through regular sales, only the additional amount would be reduced. The risk to this is that the investment base will not grow as quickly, resulting in investment earnings that support the operating budget growing at a slower rate.

Saskatoon Fire Business Line Information Report

ISSUE

As the City of Saskatoon (City) heads into its planning for the 2024 and 2025 Business Plan and Budget Cycle, there continues to be several budgetary pressures the City is facing. This report will provide information and Administrative recommendations on the Saskatoon Fire Business Line.

This process has been established so that City Council can provide early direction to the Administration, on what to include in the 2024/2025 Preliminary Business Plan and Budget which will be considered by City Council in November 2023 during the 2024/2025 Business Plan and Budget deliberation meeting.

BACKGROUND

At its March 15, 2023 meeting when considering the [2023-2025 Budgetary Pressures and Trends](#) Report, Governance and Priorities Committee (GPC) resolved in part:

“That Administration report back on a potential special budget meeting process to address some of the budgetary challenges and pressures for the upcoming two-year budget cycle. That this report include recommendations on using the existing Governance and Priorities Committee/Finance Committee meeting schedule vs. having special budget/Finance committee meetings and recommendations for organizing these special budget meetings based on departmental budgets or based on service lines or some combination.”

At its April 12, 2023 meeting when considering the [2024/2025 Business Plan and Budget Process Report](#), GPC resolved:

“That Option 3 be approved, and the City Clerk’s office be directed to schedule Special Budget Meetings for the presentation of Business Line-based reports if the Governance and Priorities Committee Capacity does not exist as outlined in the April 12, 2023 report of the Chief Financial Office.”

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The multi-year business plan and budget process which includes the following key steps:

1. Develop the cost to maintain existing services considering city growth, inflation pressures, and updated revenue estimates. This step is also used to present and discuss required corrections of base budgets and phase-in of funding plans.
2. Provide a summary of the information from Step 1 to the GPC.
3. Use cross-divisional teams to discuss City Council’s strategic priorities and develop options to achieve these priorities.

4. Present a list of Business Plan Options to City Council for prioritization.

DISCUSSION/ANALYSIS

Each business line report presented through the Governance and Priorities or through the Special Budget Meetings will have the same general outline to provide information to City Council. The categories in each report will be:

1. Expenditure Overview
2. Service Level Review
3. Pandemic Challenges
4. 2024/2025 Pressures
5. Potential Options

Appendix 1 includes the information for the Saskatoon Fire business line. The Saskatoon Fire business line includes Emergency Management service line which includes Business Continuity, Corporate Security, Emergency Management Operations and Regional Resiliency and Fire Services service line which includes Community Risk Reduction (fire prevention, bylaw, and investigation), Operations (Emergency response and dispatch), Logistics, and Staff Development and Safety.

OPTIONS

Appendix 1 provides the full information regarding the options available to Committee.

Option 1 – Deferral of New Property Tax Funded Positions

RECOMMENDATION

That the Governance and Priorities Committee direct Administration to include the following options in the 2024/2025 Preliminary Business Plan and Budget:

1. Option 1A – Defer the Fire Services Asset Management Position; and
2. Option 1C – Defer the Communications Consultant.

RATIONALE

The provided recommendations aim to strike a balance in addressing the significant cost pressures the City is facing heading into 2024/2025 with a more reasonable property tax increase. While there are implications to the provided recommendations to service levels and increases in user fees, the Administration believes it provides reasonable options to lessen the financial impact included in the 2024/2025 budget.

FINANCIAL IMPLICATIONS

The financial implications of this business line will be deliberated at the 2024/2025 Business Plan and Budget Deliberations meeting.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

Any direction from Committee on this report will be incorporated into the 2024/2025 Business Plan and Budget process. Decisions for 2024/2025 Business Plan and Budget will be made by City Council during the budget deliberation meeting which will be held on November 28-30, 2023 where the budget implications of all business lines will be deliberated.

APPENDICES

1. Saskatoon Fire Business Line

REPORT APPROVAL

Written by: Teresa Quon, Senior Financial Business Partner
Kari Smith, Director of Finance
Reviewed by: Morgan Hackl, Chief of Saskatoon Fire
Clae Hack, Chief Financial Officer
Approved by: Jeff Jorgenson, City Manager

Admin Report - Saskatoon Fire Business Line Information Report.docx

Saskatoon Fire Business Line

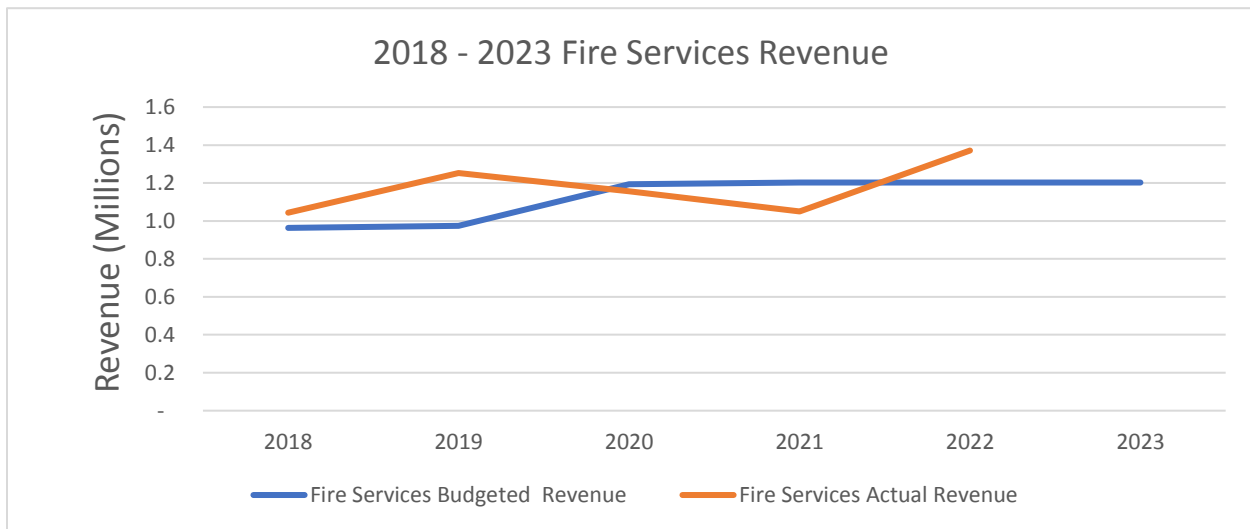
The 2023 Budget for the Saskatoon Fire Business Line included \$57.62 million in expenditures and \$1.27 million in operating revenues. The remaining costs of \$56.35 million was funded by general revenues including property taxes.

Revenue Overview

In 2023 the Saskatoon Fire Business Line was budgeted to generate \$1.27 million in operating revenue. \$1.20 million comes from the Fire Services service line, which is approximately 94.5% of all operating revenue in this Business Line. A full breakdown of operating revenue can be seen below.

Service Line	2023 Op Rev (in millions)	% of Overall Op Rev.
Fire Services	\$1.20	94.49%
Emergency Management	\$0.07	5.51%
Saskatoon Fire Business Line	\$1.27	100.00%

As outlined above Fire Services Revenue is one of the biggest operating revenue sources in this Business Line. This business line's revenues were not impacted by the Covid 19 pandemic:



Revenues consist of permit and inspection fees, agreements with other municipalities for services and incident charges.

Emergency Management revenues consist of sponsorships and contributions from regional partners. In 2024 it is anticipated that this revenue will be decreased by \$19.5 to adjust for lower sponsorship revenue and removal of the contribution from one regional partner.

Expenditure Overview

The largest service line, Fire Services, makes up most of the expenditures in this Business line (97%) at \$56.05 million. An overview of both the service lines 2023 operating expenditures can be seen below:

Service Line	2023 Op. Exp. (in millions)	% of Overall Op. Exp.
Emergency Management	\$1.57	2.72%
Fire Services	\$56.05	97.28%
Saskatoon Fire Business Line	\$57.62	100.00%

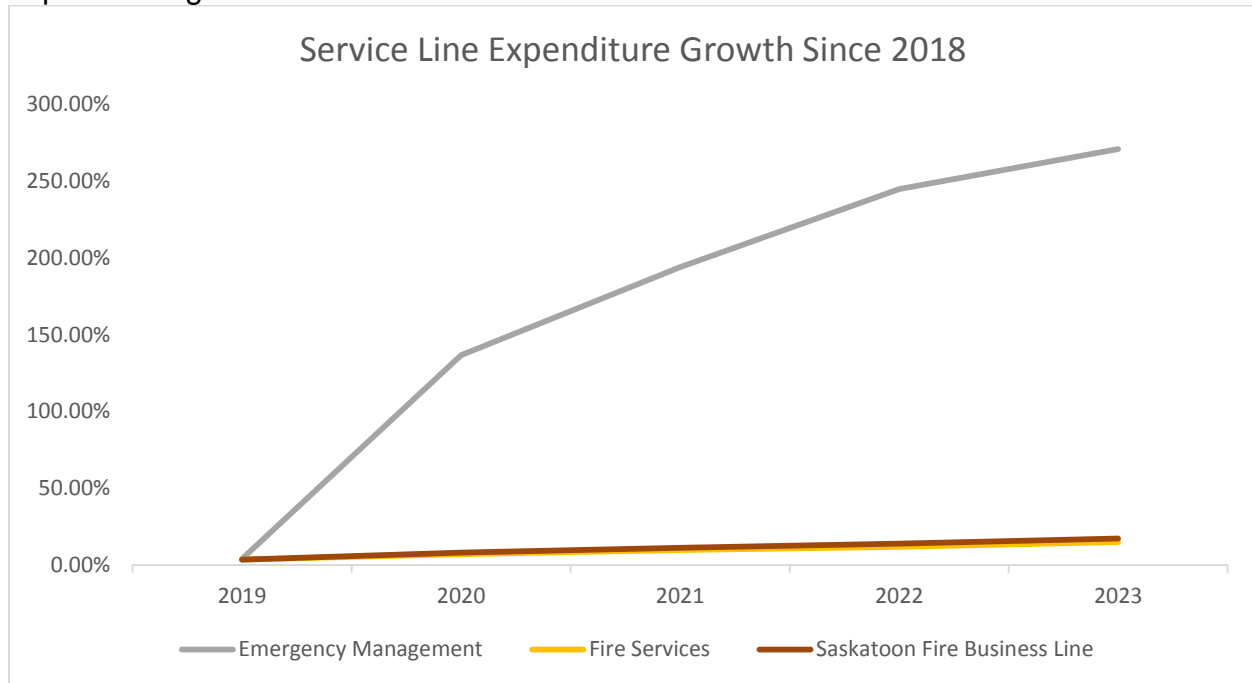
Another way to look at this information is by Budget Category. As seen below approximately 95% of total expenditures in the Saskatoon Fire Business Line are for the following: Wages and Benefits (87%) and Contracted Services (8%).

Budget Category	2023 Budget (in millions)	% of Overall Expenses
Wages & Benefits	\$50.13	87.00%
Contracted & General Services	\$4.84	8.40%
Utilities	\$0.07	0.12%
Materials Goods & Supplies	\$0.52	0.90%
Transfers to Reserve/Capital	\$2.11	3.66%
Cost Recoveries	(\$0.05)	(0.08%)
Saskatoon Fire Business Line	\$57.62	100.00%

A couple of additional key observations are:

- 83% of Wages and Benefits are for Operations (Firefighting/ Paramedics), 6% for Fire Prevention/ Fire Bylaw, 4% for Dispatchers, and 1% for Staff Development and Safety, all under the Fire Services Service Line. Emergency Management makes up 2% of the total Wages and Benefits.
- 60% of all expenses under Contracted and General Services are for the maintenance of apparatus, vehicles, equipment, and Fire Stations; 15% is a hydrant charge paid to Saskatoon Water; 6% are cross charges for Human Resources and IT services; 5% is for training, all included under the Fire Services Business Line.
- 5% of Contracted and General Services are for Commissionaires under the Emergency Management Service Line.
- Transfers to reserve/capital for the Saskatoon Fire Business Line are for replacement of large apparatus, radios and equipment, uniform purchases including turnout gear, and other capital needs.

Overall, since 2018, the expenditures in the Saskatoon Fire Business Line have grown by 17.33% or an average of 3.47% per year. A graphical overview of each service line's expenditure growth can be seen below:



There are only two service lines in this Business Line. Their increases are discussed below:

- 271% increase in Emergency Management from 2018 to 2023.
 - Although a significant percentage increase (271%) it is important to note that the Emergency Management budget was \$424,400 in 2018 and has grown to \$1.57 million in 2023.
 - This increase is largely due to a restructuring that occurred in 2020 whereby 3.0 FTE's were transferred from the Facilities Management Service Line (which saw a corresponding decrease) to Emergency Operations for Corporate Security. In addition to the restructure, 1.0 FTE for an EMO Regional Coordinator was added as part of the 2020 budget.
 - Other increases relate to the Director of Community Relationships added in 2022 and a Business Continuity Manager in added in 2023. The Director of Community Relationships will be transferred from the Emergency Management Service Line to the Fire Services Service Line in 2024 as this position supports all aspects of the Saskatoon Fire Business Line.
- 15% increase in Fire Services from 2018 to 2023.
 - The increase in Fire Services expenses from 2018 to 2023 is largely related to staffing needs as the Service Line has grown from 333.0 FTEs in 2018 to 345.0 in 2023 in addition to negotiated collective bargaining

increases. The 2022 budget saw the most significant increase with 7.0 positions added for:

- 5.0 FTE for Fire Fighters to relieve the overtime pressure and support training, inspections, and other operational needs that has been existing and growing over the previous three years; and
- 2.0 FTE for additional Fire Bylaw Inspector positions.
- Additionally, the Fire Apparatus Reserve saw increased contributions of \$75,000 each year beginning in 2018 due to rising costs of apparatus primarily due to exchange rate increases, and the Small Equipment Replacement Reserve saw increases of \$65,000 in each of 2022 and 2023 due to primarily due to the increasing cost to replace the radio system.

Pandemic Challenges

The Saskatoon Fire Business Line experienced minimal budgetary pressures during the pandemic as revenues were unaffected and the majority of the Saskatoon Fire Department (SFD) proceeded with normal operations. Additional expenses were incurred to reflect the need for enhanced Personal Protective Equipment and Facility Equipment/Cleaning, however, these were funded via a Corporate allocation for additional Pandemic related expenditures. The final \$1.0 million in Pandemic related expenditures is being removed from the budget as part of the overall 2024 budget forecast.

2024/2025 Pressures Included in the Budget Status Update

This Business Line has two Financial Pressures that have been previously outlined and options provided in the June 22, 2023 Governance and Priorities Committee report entitled “2024 and 2025 Inflationary and Phase-in Decisions”.

- As part of the City's Major Capital Prioritization Process, the construction and opening of two new fire stations on the west side of the city were identified as priority number one and two for Saskatoon Fire. While one of these stations will be staffed through the redeployment of an existing crew, the other station will require a deployment of a new Fire Fighter crew which is funded through the operating budget. With operations forecasted to begin as early as 2026, the annual operating budget of \$3.78 million is being recommended to be phased in from 2024-2026 with \$1.26 million included in each year. Funding contributions in 2024 and 2025 will be utilized to offset the capital cost of construction and phase-in the hiring of new Fire Fighters in 2025, until the funding is required in 2026.
- The inflationary impact on the replacement of Fire Apparatus has been significant in recent years with the cost to replace an Engine increasing from approximately \$900,000 to \$1.5 million per unit. To maintain Saskatoon Fire's current replacement strategy, an additional \$770,000 (67% increase) is required in 2024. In addition, a smaller inflationary amount has been included in 2024 and 2025

(\$50,000) due to inflationary pressures felt by the Small Equipment Replacement Reserve.

SFD is responding to an increasing number of calls year over year, resulting in increased operating hours on fire apparatus. NFPA 1901 recommends that apparatuses greater than 15 years old that have been properly maintained and that are still in serviceable condition be placed in reserved status. Currently SFD is exceeding this and is keeping frontline apparatus operational for a minimum of 18 years.

An Alternative Response Vehicle pilot project will be proposed through the RCE options process. The project is a green initiative involving smaller vehicles which will reduce emissions. This will reduce the fire apparatus hours, maintaining the existing useful life of large apparatus and reduce the impact on maintenance and mechanical schedules.

An overview of the remaining pressures that have not been included in previous reports include:

- The 2024 budget includes three positions within the Fire Services Business Line. These include:
 - An Asset Manager to lead Saskatoon Fire's Enterprise Asset Management, associated processes, and daily logistics, with regards to all aspects of Fire equipment and apparatus. This position will lead Saskatoon Fire towards a pro-active Asset Management process as opposed to the reactive environment today, which will result in more efficient planning, enhanced data capabilities and ensure efficient and effective maintenance and operations of Saskatoon Fire's assets.
 - An Operations Dispatch Manager responsible for the Saskatoon Fire 911 call taking and dispatch services. This position will be a key contributor to the implementation and continued operations of NG911 as well as responsible for the staff who are providing emergency call taking and dispatching of fire emergencies and non-emergencies. The position will be responsible for the strategic planning, governance, policies and work towards mitigating risks. This dispatch group currently does not have direct supervision in place and recent contract changes will increase the complexity of the reporting structure to the Battalion Chiefs.
 - Fire has been supported by a temporary Communications Consultant since June 2018. This position is responsible for directing internal and external communications initiatives and strategies that support Saskatoon Fire, including crisis communications. Adding this position to the budget permanently allows Fire to maintain current service levels with regards to internal engagement, communications, marketing, and media relations. The position falls under the Communications & Public Engagement department and will be cross charged in full to Saskatoon Fire.

- The Community Support Program, currently contracted to the Downtown Saskatoon Business Improvement District, is proposed to transition to the Saskatoon Fire Department beginning in 2024. This change is driven by the increasing complexity of the work which requires greater capacity and expertise to address the needs of those requiring supports. SFD can provide that expertise and are already playing a role in response and outreach for those in need. Six FTEs comprised of a Supervisor and five Bylaw Officer positions will be included with the budget. The costs to deliver this service as a City program will be partially offset by the removal of the grant paid to the BID to provide this service. Due to requirements of the collective agreements and higher benefits, it is anticipated that there will be an increased cost with this change.
- Saskatoon Fire is currently projecting a requirement to maintain Fire Stations 3 and 5 even though operations have since moved to new locations. The cost of retaining these stations is expected to be approximately \$150,000 for Fire Station 3 and \$99,300 for Fire Station 5, per year, to cover maintenance, utilities and other operating expenditures. The requirement to keep Fire Station No 3 is to provide space for the Fire Prevention team which includes the Fire Marshal and a number of Fire Inspectors along with equipment and the Fire Investigation vehicle. Also, space is currently being shared with Saskatoon Search and Rescue through an Memorandum of Understanding. Fire Station No 5 is required for the Maintenance team to move from the current shop at 125 Idylwyld Drive South. The current space is not adequate for Maintenance staff, equipment storage, supplies, repair area, and employee amenities. Also, a team of Fire Inspectors will work from this location as a hub. Both of these facilities will be temporary until an overall accommodations plan is implemented through the Strategic Facilities Plan.
- The operating impact from P.10028 Fire Communications Centre Technology of \$277,500 in 2024 and \$187,500 in 2025 has been included in the budget status update. These expenditures are required for the tariffs, licensing, and support for Next Generation 9-1-1 system.
- Remaining expenditure pressures within the Fire Services Business Line relate to increased fuel, maintenance, and software licensing costs.

Additional 2024/2025 Pressures Not Included in the Budget Status Update

The Budget Status Update presented is Administration's estimate on the costs to maintain existing services when considering growth, inflation, and base budget adjustments. The previous section outlined some of the significant pressures included with that estimate, however, it is important to note that there are additional pressures required to move towards achieving the City's Strategic Priorities, address growing service level expectations such as asset management funding gaps and respond to everchanging community needs that were not included. These options will be quantified and presented in a future report which will give City Council the option to discuss and potentially add these items to the 2024/2025 budget. For the purpose of this report a

high-level contextual overview of some of these key pressures not included in the Budget Status Update can be seen below.

- Two Emergency Management Coordinators –
 - Saskatoon EMO is responsible for the City of Saskatoon Emergency Management program and assists in building resiliency in both the City of Saskatoon as an organization and the community as a whole. In the last five years Saskatoon EMO has worked to establish and continue to build a whole community approach. This requires engaging additional non-traditional partners and processes. Saskatoon EMO has one Coordinator and a Director. The Director is also responsible for Corporate Business Continuity Program, Corporate Security and Regional Emergency Management. EMO has also taken on responsibility for leading and coordinating the new municipal plan for Community Safety and Well-being and Extreme Weather Response while continuing to attempt to balance traditional emergency management responsibilities. With the role of providing coordination for planning, preparedness and response to multiple complex evolving community resiliency events, Saskatoon EMO requires two EMO Coordinator positions. One position would be designated for Community Safety and Well-being and one for Preparedness and Planning.
- Staff Development and Safety Manager –
 - The opening of the Regional Training Facility, a provincial move to Declared Levels of Service for fire departments, and the corresponding training standards associated, will create new revenue opportunities for SFD. A manager is required to create an appropriate supervisory structure to oversee current internal commitments and future external opportunities.
 - Industrial, educational, transportation and safety sector interests have reached out with interest in engaging in the next steps of this training facility project.
 - Capital sponsorship opportunities exist that cannot be fully explored currently due to lack of managerial support to oversee current commitments and internal initiatives.
 - The opening of the Regional Training Facility will allow SFD to explore moving away from hiring candidates from out of province colleges. This new model will support REDI priorities by eliminating some pre-hire barriers.
- Service Coordinator-
 - A service coordinator (SC) is a best-practice resource within asset management. The necessity of a SC position for the SFD results from:
 - an increase in SFD incidences,
 - the need to support the SFD's implementation of the Enterprise Asset Management (EAM) module and,
 - the need for a designated position for the ongoing EAM operation.

This model is utilized by Facilities and Roadways, Fleet & Support Services. Without this position we will be challenged to effectively implement EAM.

Potential Options:

Some of the potential options for Committee's consideration to reduce the operating requirements for this Business Line include:

Option 1 – Deferral of New Property Tax Funded Positions

This option would include the deferral of any of the recommended positions included in the budget status update.

Option 1A - Deferring the Asset Management position (\$140,300) will not allow for Fire Services to pro-actively plan or manage their asset management requirements with the present model is placing service and maintenance schedules beyond recommended cycle periods. The current reactive approach will be maintained, and full implementation and adoption of an Enterprise Asset Management approach will be deferred.

Option 1B - Deferral of the Emergency Dispatch Manager (\$140,300) will continue with the status quo approach. Battalion Chiefs will continue to provide oversight to this area, however, a dedicated Manager and subject matter expert for the City's Next Generation 9-1-1 initiative will not be in place. The current model does not have direct supervision and oversight related to daily operations, training, and quality assurance.

Option 1C - Deferral of the Communications Consultant position (\$115,700) would result in a reduced supports for Fire in the areas of both internal and external engagement and communications, social media and media relations, recruitment and marketing plans, special event planning and coordination, and crisis communication. These functions would either not be done, provided at the expense of other Divisions within the City, or done on an as-needed basis by Fire staff.

Arts, Culture and Events Venues Business Line Budgetary Information

ISSUE

As the City of Saskatoon (City) heads into its planning for the 2024 and 2025 Business Plan and Budget Cycle, there continues to be several budgetary pressures the City is facing. This report will provide information and Administrative recommendations on the Arts, Culture and Events Venues Business Line.

This process has been established so that City Council can provide early direction to the Administration, on what to include in the 2024/2025 Preliminary Business Plan and Budget which will be considered by City Council in November 2023 during the 2024/2025 Business Plan and Budget deliberation meeting.

BACKGROUND

At its March 15, 2023 meeting when considering the [2023-2025 Budgetary Pressures and Trends](#) Report, Governance and Priorities Committee (GPC) resolved in part:

“That Administration report back on a potential special budget meeting process to address some of the budgetary challenges and pressures for the upcoming two-year budget cycle. That this report include recommendations on using the existing Governance and Priorities Committee/Finance Committee meeting schedule vs. having special budget/Finance committee meetings and recommendations for organizing these special budget meetings based on departmental budgets or based on service lines or some combination.”

At its April 12, 2023 meeting when considering the [2024/2025 Business Plan and Budget Process Report](#), GPC resolved:

“That Option 3 be approved, and the City Clerk’s office be directed to schedule Special Budget Meetings for the presentation of Business Line-based reports if the Governance and Priorities Committee Capacity does not exist as outlined in the April 12, 2023 report of the Chief Financial Office.”

CURRENT STATUS

The multi-year business plan and budget process which includes the following key steps:

1. Develop the cost to maintain existing services considering city growth, inflation pressures, and updated revenue estimates. This step is also used to present and discuss required corrections of base budgets and phase-in of funding plans.
2. Provide a summary of the information from Step 1 to the GPC.

3. Use cross-divisional teams to discuss City Council's strategic priorities and develop options to achieve these priorities.
4. Present a list of Business Plan Options to City Council for prioritization.

DISCUSSION/ANALYSIS

Each business line report presented through the Governance and Priorities or through the Special Budget Meetings will have the same general outline to provide information to City Council. The categories in each report will be:

1. Expenditure Overview
2. Service Level Review
3. Pandemic Challenges
4. 2024/2025 Pressures
5. Potential Options

Appendix 1 includes the information for the Arts, Culture and Events Venues business line. The Arts, Culture and Events Business Line includes the City's contributions to TCU Place, SaskTel Centre and Rемаi Modern. The operational revenues and expenditures of each venue are not included and are managed by each individual entity.

OPTIONS

Appendix 1 provides the full information regarding the options available to Committee.

Option 1 - Reduce the phase-in of the CBCM Contribution for Rемаi Modern

RECOMMENDATION

That the Governance and Priorities Committee direct Administration to include the following options in the 2024/2025 Preliminary Business Plan and Budget:

1. Option 1 - Reduce the phase-in of the CBCM contribution for Rемаi Modern by \$41,000 in 2024 and reassess in future budgets.

RATIONALE

The provided recommendation aims to strike a balance in addressing the significant cost pressures the City is facing heading into 2024/2025 with a more reasonable property tax increase.

FINANCIAL IMPLICATIONS

The financial implications of this business line will be deliberated at the 2024/2025 Business Plan and Budget Deliberations meeting.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

Any direction from Committee on this report will be incorporated into the 2024/2025 Business Plan and Budget process. Decisions for 2024/2025 Business Plan and Budget will be made by City Council during the budget deliberation meeting which will be held on November 28-30, 2023 where the budget implications of all business lines will be deliberated. It is important to note this report does not include the Downtown Event and Entertainment District and decisions on that project will be made by City Council throughout 2023 as noted in the May 17, 2023 report to Governance and Priorities Committee titled [Downtown Event and Entertainment District – Update on Upcoming Reports and Decisions Milestones](#).

APPENDICES

1. Arts, Culture and Events Business Line

REPORT APPROVAL

Written by: Kari Smith, Director of Finance

Reviewed by: Clae Hack, Chief Financial Officer

Approved by: Jeff Jorgenson, City Manager Report Approval

Admin Report - Arts, Culture and Events Venues Business Line Budgetary Information.docx

Arts, Culture and Events Venues Business Line

The Arts, Culture and Events Venues Business Line consists of the City's three controlled corporations which are the Remai Modern, SaskTel Centre and TCU Place.

Expenditure Overview

The overall 2023 Budget for the Arts, Culture and Events Venues Business Line includes only the City of Saskatoon's contribution to TCU Place, SaskTel Centre and Remai Modern and is projected to incur \$9.7 million in expenditures.

Gross Expenses	2023 Op. Exp. (in millions)
Remai Modern Art Gallery	\$7.3
SaskTel Centre	\$0.6
TCU Place	\$1.8
Arts, Culture and Events Business Line	\$9.7

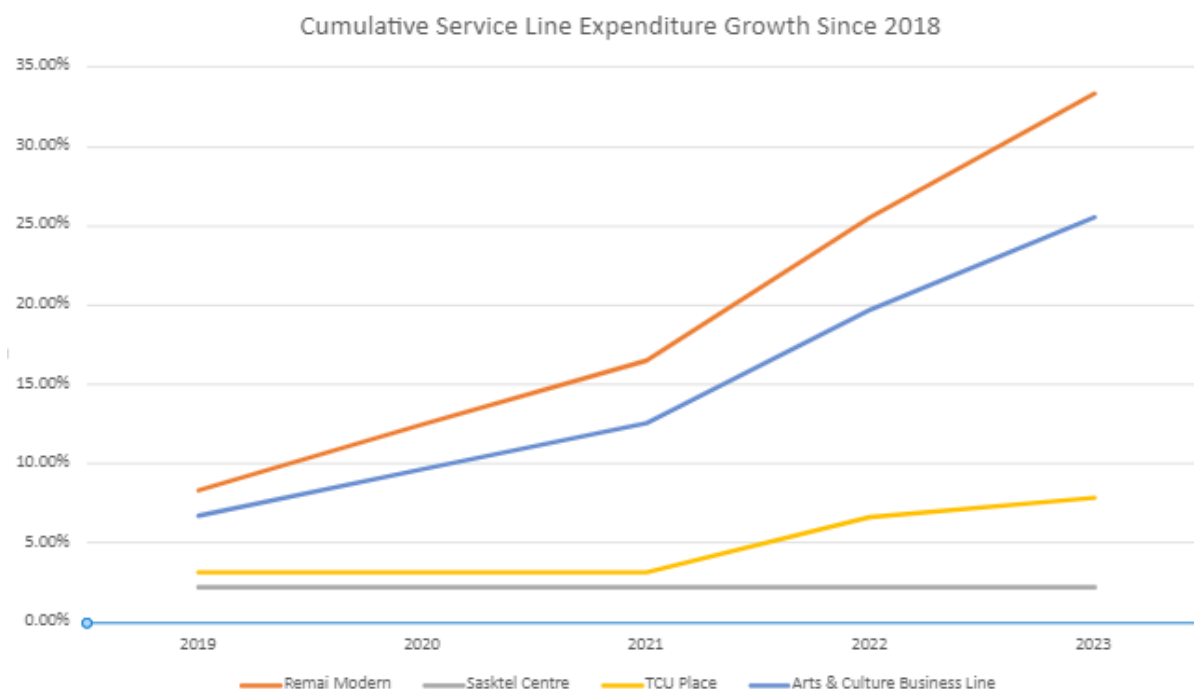
Another way to look at this information is by Budget Category. As seen below most of the expenditures are split between Contracted & General Services and Donations, Grants & Subsidies, with the remaining breakdown being attributable to cost recoveries and finance charges.

Budget Category	2023 Budget (in millions)	% of Overall Expenses
Contracted & General Services	\$4.9	50.8%
Donations, Grants & Subsidies	\$5.0	51.3%
Cost Recoveries	\$(0.4)	-4.0%
Finance Charges	\$0.2	1.9%
Transportation Business Line	\$9.7	100%

A couple of additional key observations are:

- Contracted and General Services are for Civic Buildings and Comprehensive Maintenance (CBCM) contributions, utility and risk management (insurance) expenditures.
- The Donations, Grants & Subsidies includes a \$4.5 million operating subsidy to the Remai Modern and \$500,000 to TCU Place.
- The cost recovery amount of \$385,000 is for the Sasktel Centre's contribution towards CBCM and is based on a minimum contribution of \$300,000 plus a percentage of any operating surplus achieved.
- The financing charges will be reallocated to other City funding plans in the 2024/2025 budget as the loan payments are completed.

Overall, since 2018, the expenditures in the Arts, Cultures and Events Venues Business Line have grown by 25.50% over the past 5 years or an average of 5.10% per year. A graphical overview of each service lines expenditure growth can be seen below:



- Remail Modern saw the largest expenditure growth in the last 5 years of 33.32% from \$5.5 million annual expenditure in 2018 to \$7.3 million in 2023 or an average of 6% per year.
 - The Remail Modern building was opened in October 2017. Since 2018 an increase was phased-in to the budget for the required CBCM contribution for future facility maintenance which went from \$109,000 contribution in 2018 to \$944,000 in 2023. This increase is included in the \$7.3 million annual civic allocation to the Gallery and is not related to building operations or operations of the gallery.
 - The subsidy paid to Remail Modern increased from \$4.0 million in 2018 to \$4.5 million in 2023. The City's contribution covers approximately 40% of Remail Modern operating expenditures, with the remaining 60% funded by Gallery-generated revenue such as donations and fundraising.

Service Level Overview

This Business Line relates to the City's contribution to each of the Controlled Corporation's budgets who set their own service levels.

Pandemic Challenges

Although the pandemic significantly impacted the actual operating revenues of TCU Place, SaskTel Centre and Rемаi Modern, the operating revenue and corresponding expenditures are not included in the City's general budgets. Instead, expenditures for CBCM for the City owned buildings, risk management, utilities or subsidies flow through these service lines. The pandemic impact within the SaskTel Centre service line is experienced through the contribution received from SaskTel Centre for the CBCM contribution. The CBCM contribution is based upon a base amount plus a percentage of net earnings and with the decrease in revenues at SaskTel Centre over the last couple years due to the pandemic, the City has only received the base amount resulting in a shortage compared to budget.

2024/2025 Pressures

While the Administration is still in the process of quantifying the exact pressures that this Business Line is expected to experience in 2024 and 2025, some of the known pressures today include:

- It is expected that the actual CBCM contribution from SaskTel Centre may continue to be short of the \$385,000 budget based on current revenue trends.
- It is estimated that increases to the CBCM contribution for the Rемаi will be required. The CBCM contribution has been phased-in for multiple years to reach a targeted annual reserve. The 2024 phase-in of \$41,000 will bring the annual contribution to approximately \$985,000.
- Requests for inflationary increases to Rемаi Modern's operating subsidy are expected to be 3% in 2024 (\$134,000) and 2.5% (\$115,000) in 2025. This increased investment will support the organization in maintaining staffing levels and programming outputs. Current investments are seeing increasing social and economic impacts that must continue to be invested in to ensure stability and improve outcomes. The operating subsidy is complemented by a combination of self-generated revenue as well as grants funding and private philanthropy which are primarily designated for artistic and community projects.

Potential Options:

As outlined in the report, most of the expenditures in this Business Line relate to subsidies provided to TCU Place and the Rемаi Modern. If Committee wishes to investigate possible changes that impact its three Controlled Corporations, the Administration could be directed to work with the respective Administrations on options to bring forward. As such only one option is being provided at this point since it mainly impacts the City and its ability to maintain the Facilities.

Option 1 - Reduce or stop the phase-in of the CBCM contribution for the Rемаi Modern

The CBCM contribution has been phased-in over multiple years with 2022 and 2023 increasing by approximately \$167,000 each year to bring the total annual reserve

contribution to \$944,000. The target for the annual reserve contribution is \$985,000 to get the contribution to 2023 values therefore the proposed phase-in increase for the CBCM contribution will be \$41,000 for the 2024 budget. City Council could choose to hold the CBCM contribution to the existing level with no increases in 2024/2025. This may have an impact on the reserves ability to perform the required preventative maintenance on City facilities resulting in a service level decline over the long term.

Taxation and General Revenues Business Line Budgetary Information

ISSUE

As the City of Saskatoon (City) heads into its planning for the 2024 and 2025 Business Plan and Budget Cycle, there continues to be several budgetary pressures the City is facing. This report will provide information and Administrative recommendations on the Taxation and General Revenues Business Line.

This process has been established so that City Council can provide early direction to the Administration, on what to include in the 2024/2025 Preliminary Business Plan and Budget which will be considered by City Council in November 2023 during the 2024/2025 Business Plan and Budget deliberation meeting.

BACKGROUND

At its March 15, 2023 meeting when considering the [2023-2025 Budgetary Pressures and Trends](#) Report, Governance and Priorities Committee (GPC) resolved in part:

“That Administration report back on a potential special budget meeting process to address some of the budgetary challenges and pressures for the upcoming two-year budget cycle. That this report include recommendations on using the existing Governance and Priorities Committee/Finance Committee meeting schedule vs. having special budget/Finance committee meetings and recommendations for organizing these special budget meetings based on departmental budgets or based on service lines or some combination.”

At its April 12, 2023 meeting when considering the [2024/2025 Business Plan and Budget Process Report](#), GPC resolved:

“That Option 3 be approved, and the City Clerk’s office be directed to schedule Special Budget Meetings for the presentation of Business Line-based reports if the Governance and Priorities Committee Capacity does not exist as outlined in the April 12, 2023 report of the Chief Financial Office.”

CURRENT STATUS

The multi-year business plan and budget process which includes the following key steps:

1. Develop the cost to maintain existing services considering city growth, inflation pressures, and updated revenue estimates. This step is also used to present and discuss required corrections of base budgets and phase-in of funding plans.
2. Provide a summary of the information from Step 1 to GPC.

3. Use cross-divisional teams to discuss City Council's strategic priorities and develop options to achieve these priorities.
4. Present a list of Business Plan Options to City Council for prioritization.

DISCUSSION/ANALYSIS

Each business line report presented through the Governance and Priorities or through the Special Budget Meetings will have the same general outline to provide information to City Council. The categories in each report will be:

1. Expenditure Overview
2. Service Level Review
3. Pandemic Challenges
4. 2024/2025 Pressures
5. Potential Options

Appendix 1 includes the information for the Taxation and General Revenues business line. The Taxation and General Revenues Business Line includes revenue from the Municipal Revenue Sharing Grants, grants-in-lieu, fines and penalties, property taxes as well as other general revenue.

OPTIONS

Appendix 1 provides the full information regarding the options available to Committee.

Option 1 – Interest Stabilization Reserve Transfer Reduction

Option 2 – Tax Certificate or Tax Search Fee Increases

Option 3 – Increases to Property Tax Penalties

Option 4 – Parking Ticket Penalty Amount Increases

RECOMMENDATION

That the Governance and Priorities Committee direct Administration to include the following options in the 2024/2025 Preliminary Business Plan and Budget:

1. Option 1B – Phase out of the \$100,000 Interest Stabilization support over two years;
2. Option 2 – An increase of \$5.00 for the Manual Tax Certificate/Tax Search Fees and a \$10 increase for the Online Tax Certificate/Tax Search fees;
3. Option 3 – A 0.25% increase in the City's Current and Arrears monthly Property Tax Penalty Rates; and
4. Option 4 – An increase to Parking Ticket Penalty Amounts of \$50 to \$70 for late pay penalties and \$30 to \$40 for the reduced penalty rate for parking offences related to parking in a pay parking area where purchased time has expired.

RATIONALE

The provided recommendations aim to strike a balance in addressing the significant cost pressures the City is facing heading into 2024/2025 with a more reasonable property tax increase. While there are implications to the provided recommendations to service levels and increases in user fees, the Administration believes it provides reasonable options to lessen the financial impact included in the 2024/2025 budget.

FINANCIAL IMPLICATIONS

The financial implications of this business line will be deliberated at the 2024/2025 Business Plan and Budget Deliberations meeting.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

The 2024/2025 Business Plan and Budget meetings will be held on November 28 to 30, 2023 to deliberate budget implications for all business lines.

APPENDICES

1. Taxation and General Revenue Business Line

REPORT APPROVAL

Written by: Kari Smith, Director of Finance
Reviewed by: Clae Hack, Chief Financial Officer
Approved by: Jeff Jorgenson, City Manager

Admin Report - Taxation and General Revenues Business Line Budgetary Information.docx

Taxation and General Revenues Business Line

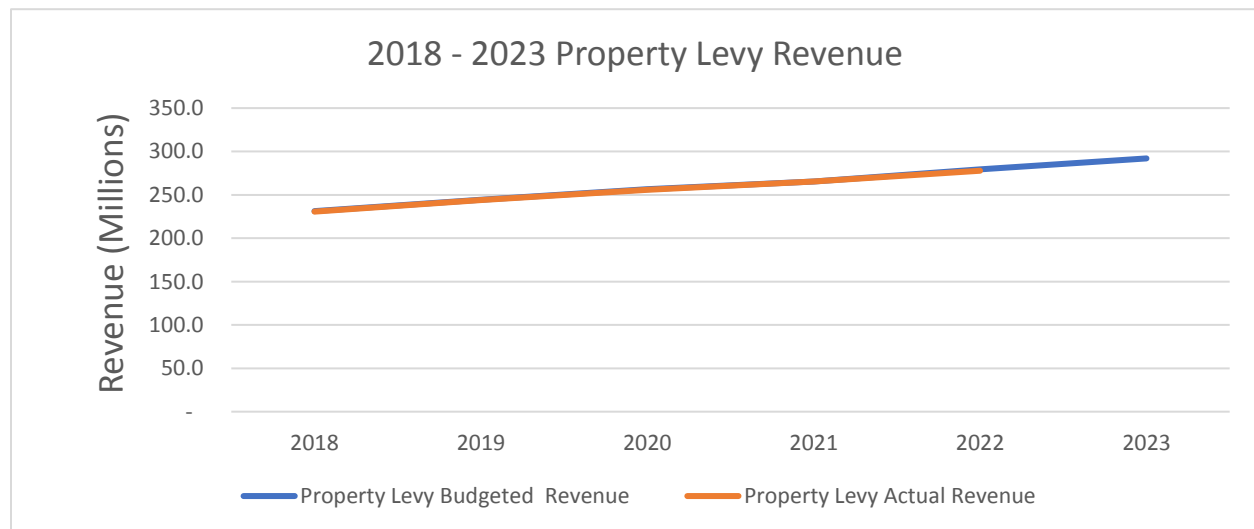
The 2023 Budget for the Taxation and General Revenues Business Line included \$5.85 million in expenditures and \$494.23 million in operating revenues.

Revenue Overview

In 2023 the Taxation and General Revenues Business Line was budgeted to generate \$494.23 million in operating revenue. \$292.0 million and \$83.6 million comes from Property Levy and General Revenue respectively, which makes up approximately 76% of all operating revenue in this Business Line. A full breakdown of operating revenue can be seen below.

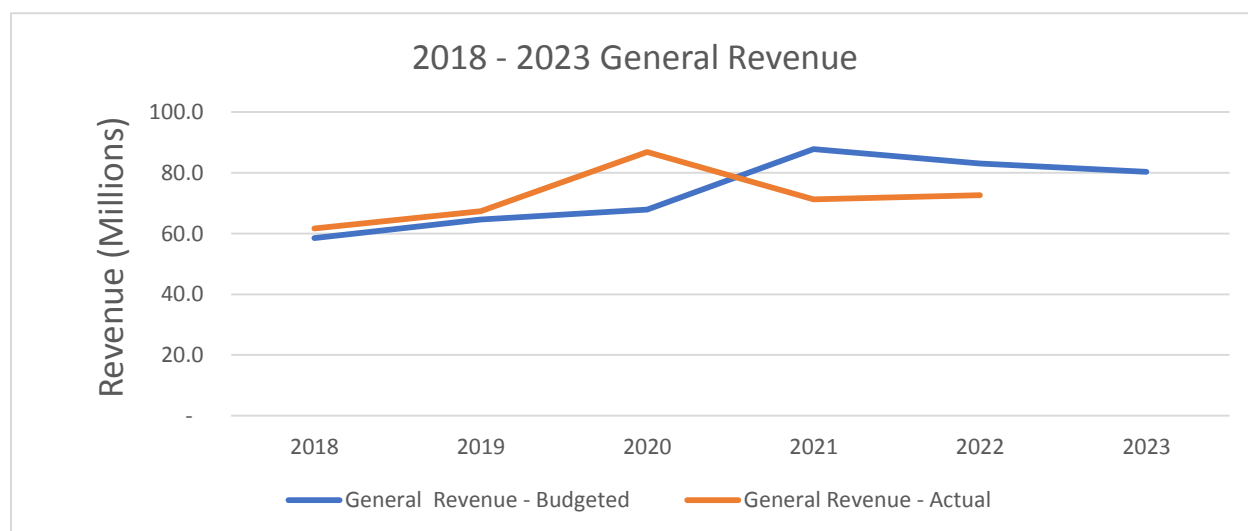
Service Line	2023 Op Rev (in millions)	% of Overall Op Rev.
Fines and Penalties	\$13.92	2.82%
General Revenue	\$83.62	16.92%
Grants in Lieu of Taxes	\$46.53	9.41%
Municipal Revenue Sharing Grant	\$54.67	11.06%
Other Levies	\$3.49	0.71%
Property Levy	\$292.00	59.08%
Taxation and General Revenues Business Line	\$494.23	100.00%

As outlined above, Property Levy Revenue is one of the biggest operating revenue sources in this Business Line. Actual revenue is equal to budgeted revenue, as this amount is based on actual known sources and the need to balance the budget, this graph has been included to show the constant steady growth of this vital revenue source:



Property Tax Levy changes are a direct result of changes to other areas of the operating budget, including growth impacts, inflation, and service level changes.

The other significant operating revenue source for this business line is General Revenue which includes returns on investments from City owned utilities, interest earnings and provincial utility franchise fees. Actual funding received in 2020 was higher than budget and higher than previous years due to unexpected Federal Safe Restart funding being received to assist the City with impacts due to COVID-19. The City used \$15.00 million in reallocated funding to offset the impacts of COVID-19 in 2020 and then utilized the Safe Restart funds in 2021 for ongoing COVID-19 impacts. The budgets for 2022 and 2023 include ongoing one-time funding from reallocated funding of \$13.85 million in 2022 and \$10.02 million in 2023 within revenues, but actuals will show them as a transfer within expenditures (negative expenditure) resulting in actuals appearing less than budget. A five-year history of this revenue source can be seen below:



General Revenue also includes Return on Investments (ROI), and Franchise Fees. ROI is funding received from Saskatoon Light and Power (SL&P), Water and Wastewater Utilities as well as Franchise Fees from the Provincial Utilities. An amount of \$36.95 million is budgeted in 2023 from the Utility ROI. Franchise Fees are funds received from the Provincial Utility and are budgeted at \$21.39 million in 2023.

Municipal Revenue Sharing is budgeted to be \$54.67 million in 2023 with expected increases of \$5.74 million in 2024 and \$2.1 million in 2025.

Grant-in-lieu of taxes are received from Federal and Provincial governments for properties they own but are exempt from taxation as well as from the civic utilities such as SL&P, Water and Wastewater Utilities. The amount expected to be received in 2023 is \$46.53 million with expected increases of \$3.2 million in 2024 and \$1.43 million in 2025.

Fines and Penalties includes revenues for parking tickets, traffic violations, automated speed enforcement and red-light cameras as well as the offsetting expenditures to run the traffic violations, automated speed enforcement and red-light camera programs. The amount expected in 2023 in revenue is \$13.92 million.

As shown in the information report from the special Standing Policy Committee on Finance on August 31, 2021 when discussing the [2022 and 2023 Indicative Budget – Additional Information](#), the revenues from User Fees, Government Transfers, Grants-in-Lieu of Taxes and General Revenues have stayed consistent or decreased from 2013 to 2020. Property taxes have increased from approximately 40% of Operating Revenue to approximately 50% for 2023 due to the drop in other sources of non-tax revenue.

Expenditure Overview

The largest amount of budgeted expenditures comes from the Fines and Penalties Service Line, with expenditures of \$5.98 million which is mostly used to cover contracted costs for Automated Speed Enforcement Cameras as well as maintenance and transfers to the Traffic Safety Reserve from Red Light Camera proceeds. General Revenue transfer from other operating is -\$1.57 million and is related mostly to the transfer from the Saskatoon Land Operating Surplus (\$1.85 million) which is partially offset by finance charges for interest earnings transferred to various reserves. An overview of all the service lines 2023 operating expenditures can be seen below:

Service Line	2023 Op. Exp. (in millions)
Fines and Penalties	\$5.98
General Revenue	\$(1.57)
Grants in Lieu of Taxes	\$ -
Municipal Revenue Sharing Grant	\$ -
Other Levies	\$0.77
Property Levy	\$0.67
Taxation and General Revenues Business Line	\$5.85

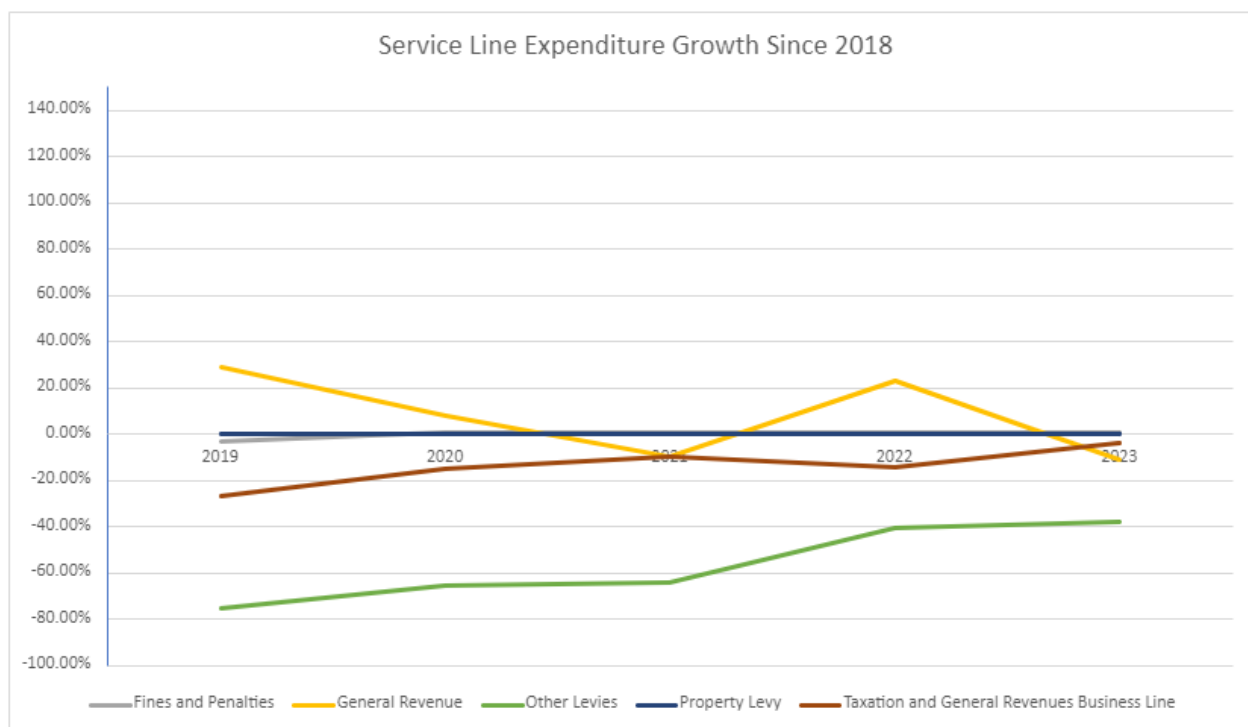
Another way to look at this information is by Budget Category. As seen below approximately 82% of total expenditures in the Taxation and General Revenues Business Line are for Contracted Services (\$4.79 million).

Budget Category	2023 Budget (in millions)	% of Overall Expenses
Other Expenses	\$0.66	11.28%
Contracted & General Services	\$4.79	81.88%
Utilities	\$0.00	0.00%
Finance Charges	\$0.39	6.67%
Transfers to Reserve/Capital	\$1.10	18.80%
Transfer to Other Operating	\$(1.09)	-18.63%
Taxation and General Revenues Business Line	\$5.85	100.00%

A couple of additional key observations are:

- The Contracted Services are for the Fines and Penalties Service Line. These are services required for programs such as traffic violations, automated speed enforcement and red-light camera.
- The transfers to reserve/capital of \$100,000 is a transfer from the Interest Stabilization reserve to help offset interest rate fluctuations and \$1.20 million transfer to the Traffic Safety Reserve from the red-light camera and automated speed enforcement programs within the Fines and Penalties Service Line.

Overall, since 2018, the expenditures in the Taxation and General Revenues Business Line have decreased by 3.73% over the past five years or an average decrease of - 0.75% per year.

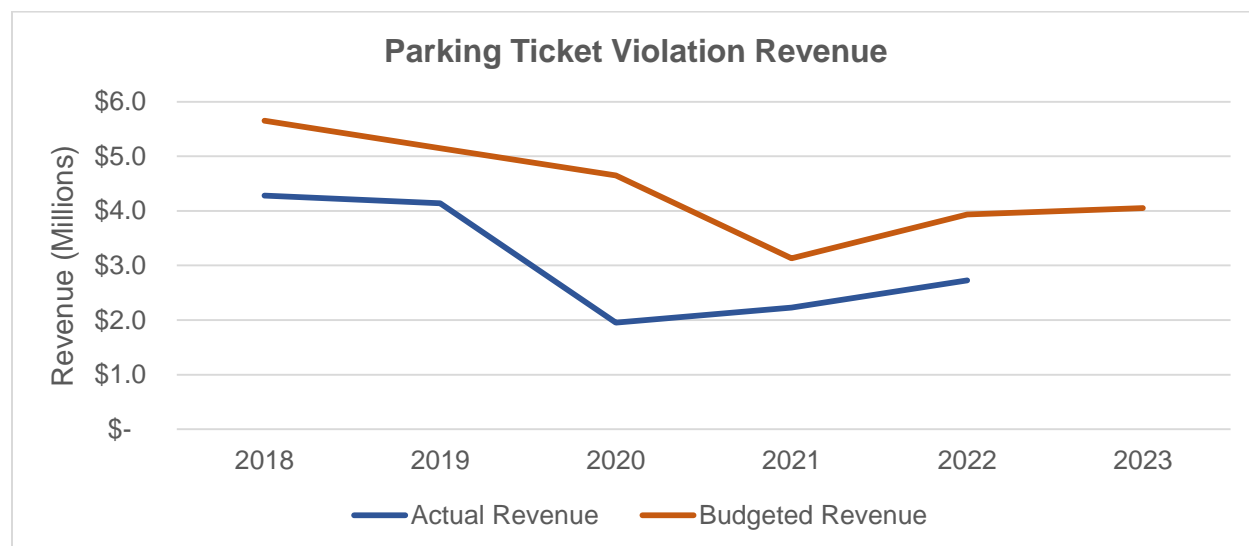


The decrease in expenditures is due in large part to a reduction in Other Levies from the expiration of the Clarence Avenue and Circle Drive Interchange loan repayment which was transferred to the Civic Facilities Funding Plan in the 2019 budget. General Revenue expenditures fluctuate based on the amount of support from the Interest Stabilization Reserve. The remaining expenditures have remained consistent.

Pandemic Challenges

One of the most significant impacts of the pandemic for this business line is related to the Fines and Penalties service line which experienced a \$1.80 million deficit in 2020 due to lower traffic violations revenue from officers moving from traffic duty to patrol and public safety, resulting in less tickets being issued as well as \$2.70 million reduced revenue from parking ticket violations due mostly to reduced parking from COVID-19 restrictions (42% of budgeted revenue). The 2021 and 2022 budgeted revenues were

lowered from pre-pandemic levels for parking ticket violations, however actual amounts were still lower than budget by \$905,400 (71% of budgeted revenues) in 2021 and \$1.21 million (69% of budgeted revenues) in 2022. As shown in the five-year historical graph below, even prior to the pandemic there were base budget issues in the Parking ticket violation revenue. The 2023, 2024 and 2025 budgets all assume that parking ticket violation revenue will recover to approximately 90% of pre-pandemic amounts.



2024/2025 Pressures Included in the Budget Status Update

This Business Line has one Financial Pressure that has been previously outlined and options provided in the June 22, 2023 Governance and Priorities Committee report entitled “2024 and 2025 Inflationary and Phase-in Decisions”.

- A reduction in the Return on Investment from Saskatoon Light and Power is expected in the budget in 2024 of \$3.3 million. This reduction is to help support the Saskatoon Light and Power (SL&P) asset management plan to retain existing buying power due to inflationary pressures where costs of materials and supplies increase by approximately 33%.

An overview of the remaining pressures that have not been included in previous reports include:

- An increased expenditure of \$100,000 for the transfer from the Interest Stabilization Reserve will be included in 2024 budget. This reserve is used to mitigate the fluctuations in interest earnings. As interest returns were decreasing in prior years a contribution from this reserve was being used to smooth out the impact to the property tax. As investment income has seen a significant increase amid rising interest rates, this contribution should be phased out to reduce the reliance on the reserve as the current reserve balance is \$315,521.

Potential Options:

Option 1 – Interest Stabilization Reserve Transfer Reduction

As outlined in the report, this business line includes the elimination either in full or partial of the \$100,000 transfer from the Interest Stabilization Reserve due to the depleting balance in the reserve (\$315,521) and the fact that investment income has been rising through increased interest rates. Reducing or eliminating the reduction would mean a further reduction from the Interest Stabilization Reserve and would only defer the impact to a future budget year when this would need to be fully removed once the reserve balance is depleted. There is risk by reducing this amount for future fluctuations to have to be managed through the Fiscal Stabilization Reserve. Sub-options and impacts that could be considered are outlined below:

Option	Impact
1A – Maintain the \$100,000 allocation in 2024	This option would keep the \$100,000 allocation from the Interest Stabilization Reserve and reduce the reserve balance to \$215,521
1B – Phase out the \$100,000 allocation over 2 years	This option would keep a \$50,000 allocation from the Interest Stabilization Reserve in 2024 and fully phase it out in 2025
1C – Fully remove the \$100,000 allocation in 2024	This option would fully remove the \$100,000 allocation from the budget as included in the 2024/2025 Budget Status Update

Option 2 – Tax Certificate or Tax Search Fee Increases

There is an option to raise fees for tax certificates or tax searches, which are currently lower in Saskatoon compared to other municipalities. As shown in Table 1, the City currently charges less than other major western Canadian cities for manual and online tax searches and certificate. It is estimated that approximately \$282,000 of additional revenue could be generated if the fees were increased to match the City of Regina. By matching the City of Regina, the fees would still be lower than many other major western Cities.

Table 1 – Tax Search and Certificate Fee Comparison

City	Manual Tax Search	Manual Tax Certificate	Online Tax Search	Online Tax Certificate
Saskatoon	\$10.00	\$30.00	\$5.00	\$25.00
Regina	\$15.00	\$35.00	\$15.00	\$35.00
Winnipeg	\$27.00	\$60.00	\$23.75	\$47.00
Calgary	N/A	N/A	\$23.00	\$52.00
Edmonton	\$22.50	\$45.50	\$18.00	\$34.50

Option 3 – Increases to Property Tax Penalties

The City of Saskatoon currently charges a penalty rate of 1.25% per month for overdue taxes in the current year and 1.50% per month for property taxes in arrears. This option would include potentially increasing the City's Property Tax Penalty rate which would generate increased revenue. As outlined below the City of Saskatoon has one of the lower penalty rates as compared to other Saskatchewan and Western Canadian Municipalities.

Penalty Rates Charged by Municipality		
City	Current	Arrears
Saskatoon	1.25% / month	1.50% / month
Regina	1.50% / month	1.75% / month
Prince Albert	1.90% / month	1.50% / month
Moose Jaw	2.00% / month	1.10% / month
Swift Current	1.00% / month	2.00% / month
Winnipeg	2.50% / month	2.50% / month
Edmonton	5.00% charged 3 times (July, Sept & Nov)	1.25% / month
Calgary	7.00% charged 2 times (July 1 & Oct 1)	1.00% / month

There are several options that could be considered for an increase to the City's penalty rates. For every 0.25% increase in the City's current and arrears penalty rates it is expected to generate an additional \$250,000 and \$174,000 respectively. It is important to note that this projection does not include any potential increases in compliance which may be realized because of the higher penalty and decrease the revenue from this source.

Option 4 – Parking Ticket Penalty Amount Increases

Bylaw No. 7200, The Traffic Bylaw, outlines the penalties for parking-related offences. The most common parking-related offence relates to parking in a pay parking area where purchased time has expired. The current penalty amount for this offence is \$30 if payment is made within 14 days of ticket issuance or \$50 for tickets paid after 14 days. Options exist to increase the penalty structure and a penalty structure comparison is provided below.

City	Specified Penalty	Early Payment Option(s)
Saskatoon	\$50	\$30 within 14 days
Regina	\$70	\$35 with 14 days
Moose Jaw	\$50	\$20 within 15 days \$30 after 15 days but within 30 days
Calgary	\$75	\$40 within 10 days \$50 after 10 days but within 30 days
Edmonton	\$35	No early payment options
Winnipeg	\$70	\$35 within 14 days
Halifax	\$45	\$40 within 7 days
Victoria	\$40	No early payment options
Vancouver	\$50	\$25 within 30 days

An increase to the late pay penalty of \$50 to \$70 results in a projected revenue gain of \$330,000. An increase to the reduced pay penalty of \$30 to \$40 results in projected revenue gain of \$230,000, for a combined projected revenue gain of approximately \$560,000. These projections are based on current parking ticket payment ratios for reduced and late pay options and it is noted that revisions to the penalty structure may have the potential to alter these assumptions.