2021 COVID-19 and Non-COVID-19 Adjustments

All of the numbers presented have a great deal of uncertainty at this point in the COVID-19 pandemic. The Administration has made assumptions based on the best information available at the time of writing this report, factoring in the Re-open Saskatchewan Plan. Many of these assumptions are a best guess at the rate that citizens will return to fully using services such as leisure centres or transit. The rate of return to full usage of these services will affect the actual revenue and expenditures that are realized in 2021.

Overall the revised 2021 Operating Budget is expected to be approximately $21.76 million more than the previously approved plan. In 2020 the City of Saskatoon (City) received approximately $19.05 million in Safe Restart funding from the federal government. In order to avoid any impact to the previously approved property tax rate of 3.87%, the Administration has made adjustments using a best-case scenario, or assuming additional risk for some numbers and adjusted them to ensure that the budget can be balanced with the Safe Restart funding that has been received. These adjustments are to the Municipal Revenue Sharing revenue, a 10% rebate on electrical costs, a transportation loan, traffic violations revenue, and the Provincial Franchise Fees revenue, which are noted in the following sections. Following these reductions, the revised 2021 Operating Budget adjustments total $19.05 million which can be fully offset with the Safe Restart funding.

COVID-19 Related Adjustments - $17.24 Million

Training Expenditures - $0.60 Million Expenditure Reduction
Due to the restrictions on travel, approximately $600,000 could be saved in the mill rate supported programs for travel, training and conferences in 2021. These adjustments are dispersed throughout all business lines.

Grants-in-Lieu of Taxes and Return on Investment - $0.87 Million Revenue Reduction
Saskatoon Light and Power (SL&P), the Wastewater Utility and the Water Utility service lines are all projecting a decrease in consumption and, therefore, a decrease in revenue due to COVID-19. This decrease in revenue directly affects the Grants in Lieu of Taxes (GIL) paid by all three utilities and the Return on Investment (ROI) paid by the Water and Wastewater Utilities. As a result, GIL will be $721,200 less, and the ROI will be $146,000 less than expected.

Provincial Franchise Fees - $0.63 Million Revenue Reduction
Due to decreased consumption volume, the Administration estimates that the City will receive less franchise fees from the Provincial Crowns. This could be a revenue reduction of up to $825,000, however, to ensure that the 2021 Operating Budget can be balanced within the Safe Restart funds, the Administration has decreased the revenue by $625,000.

Parking Revenue - $1.40 Million Revenue Reduction
Parking revenue is projected to remain lower than originally estimated for 2021, resulting in a reduction in revenue of $1,400,300 in the Transportation Business Line.

Streetscape Reserve - $0.53 Million Expenditure Reduction
The contribution to the Streetscape Reserve is based on parking revenues. The reduction in parking revenue mentioned above will result in $532,000 less funding transferred into the reserve.

Fines and Penalties - $2.03 Million Revenue Reduction
The reduction in parking metre usage results in fewer parking tickets being issued, with an expected reduction in parking fines of $1,443,300. In addition, the Saskatoon Police Service has reduced the number of traffic violations which is expected to continue into 2021. Although the estimated revenue reduction could be up to $800,000, to ensure that the 2021 Operating Budget can be balanced within the Safe Restart funds, the Administration has decreased the revenue by $590,000.

Surplus Operating Contribution - $0.15 Million Expenditure Increase
In addition to the parking metre revenue, there is also an expected reduction in parking lot revenue of $154,000 for lots managed by Saskatoon Land. Any surplus from the operation of these lots is transferred to the City's Taxation and General Revenues Business Line. Due to the reduction in revenue received from Saskatoon Land, the transfer received will be reduced by this amount.

Licencing and Permits - $1.42 Million Reduction in Revenue Offset with $1.32 Million Expenditure and Stabilization Reserve Contribution Reductions
Business licenses, commercial building permits, development permits, subdivision applications, discretionary use and zoning application revenue, and Transportation network revenue are expected to be lower by approximately $1,418,800 than previously estimated. This is offset with a reduction in expenditures as well as transfers from stabilization reserves in order to offset the revenue reduction. The Development Review Program Stabilization Reserve was insufficient to cover the full amount of the revenue reduction which will leave $94,100 that cannot be covered through reserve.

COVID-19 Expenditures - $3.34 Million Expenditure Increase
Increased expenditures due to COVID-19 include increased cleaning costs at civic facilities and transit buses as a result of additional staff time, cleaning supplies, security, and personal protective equipment. In addition, temporary staffing and technology is required for the Emergency Coordination Centre which includes temporary positions for a Planning Section Chief, Information Officer, Human Resources Safety Technicians, Wellness Program Manager/Consultant, and Business Continuity Manager.

Saskatoon Transit and Access Transit - $5.91 Million Revenue Reduction
The return to pre-COVID-19 level ridership for Saskatoon Transit and Access Transit may take several years. Ridership is dependent on restrictions for riders, as well as working from home and virtual learning options that may be available or mandated. The expected decrease in revenue for Saskatoon Transit is $5,806,700 and $105,500 for Access Transit.

Leisure Centres - $4.58 Million Revenue Reduction Offset by $1.15 Million Expenditure and Stabilization Reserve Contribution Reductions

The Administration made assumptions for each of the facilities as to when full revenues will be received in 2021. Although this varies by facility and program, on average it is expected that for the first half of the year, the admission, rental, lease and program revenue will remain below normal and will return to full revenue in the late summer or early fall. This will result in a revenue reduction of $4,582,800 and a $1,148,600 reduction in expenditures and reserve transfers. Approximately $759,000 of these expenditure savings will be in the Community Development and Investments and Supports Service Lines mostly due to a reduction in the joint-use school and accessibility programs. The Gordie Howe Campsite Stabilization Reserve will have an increased draw of approximately $126,300 to offset the anticipated revenue decrease.

Impound Lot - $0.11 Million Revenue Reduction

With reduced ticketing, a reduction of $105,600 is expected in the Impound Lot revenue.

Fire Services - $0.11 Million Expenditure Increase

With the impact of COVID-19 on Fire Services, there has been a backlog in training certification. This expenditure of $105,000 will be for additional temporary Fire Services' Instructors to help eliminate this backlog in 2021.

Utility Revenue Reduction - $6.15 Million Offset with Equivalent Expenditure Reductions

SL&P revenue is expecting usage to be approximately 3% less than previously budgeted, resulting in a $4,689,600 reduction in sales revenue. This is directly offset with expenditure reductions, including a reduction of $62,000 in training costs, a $639,700 reduction in GIL transfer, reduced bulk power costs of $2,566,200, and a reduction in transfer to Capital reserves of $1,421,700, resulting in a net $0 change.

Wastewater Utility is expecting usage to be approximately 2.6% less than previously budgeted, resulting in a $534,500 reduction in revenues. This is directly offset with a reduction of $27,000 in training costs, $19,200 reduction in GIL transfer, $53,500 reduction in ROI transfer, and a $434,800 reduction in transfer to capital reserves, resulting in a net $0 change.

Water Utility is expecting usage to be approximately 2.6% less than previously budgeted, resulting in a reduction of $924,800 in revenues. This is directly offset with a reduction of $39,000 in training costs, $62,300 reduction in GIL transfer, $92,500 reduction in ROI transfer, and a reduction of $731,000 in transfer to capital reserves, resulting in a net $0 change.

Waste Handling and Household Hazardous Waste - $0.22 Million Revenue Reduction and $0.08 Million Expenditure Increase

Due to a decrease in construction, the suspension or cancellation of waste collection and a decrease in landfill volumes, combined revenue is expected to be lower by $219,000. In addition, due to restrictions at other household hazardous waste collection facilities, additional expenditures of $80,000 have been included for the Household Hazardous Waste Days.

Non-COVID-19 Related Adjustments - $1.81 Million
Although the items listed below are not 100% COVID-19 related, many of them are caused in part by COVID-19.

Fuel Savings - $0.67 Million Expenditure Reduction
The fuel budget approved for 2021 was based on an assumption of rising prices. The prices are currently below the assumed rates, therefore, any increase in the fuel budget from 2020 to 2021 was removed. This results in a savings of approximately $672,900 in the mill rate supported programs.

Grants-in-Lieu of Taxes and Return on Investment - $1.54 Million Revenue Reduction
The Wastewater Utility and the Water Utility Service Lines are projecting a decrease in consumption volume due to observed water conservation. This decrease in volume is expected to decrease the budgeted GIL paid by the utilities to support the mill rate by $382,600 and decrease the ROI by $583,400 from the original approved 2021 Operating Budget. Additionally, SL&P had projected a rate increase of 3% when completing the original 2021 Operating Budget. This rate increase is no longer expected which will decrease SL&P revenue and the subsequent payment of the GIL by $578,400.

Municipal Revenue Sharing - $1.47 Million Revenue Reduction
Municipal Revenue Sharing (MRS) revenue is received from the provincial government and is based upon Provincial Sales Tax (PST) revenue. Due to an expected decline in the City's share of PST revenue in 2021, the MRS has been reduced. The Administration estimates that it could be up to a $2,601,100 decrease from the approved 2021 amount. However, in order to ensure a balanced budget, the Administration has taken more risk on this evaluation and adjusted the budget by $1,472,900.

Taxation Revenues – Property Levy - $0.87 Million Revenue Reduction
Assessment Growth is expected to be approximately $835,500 less than the original 2021 Operating Budget. This adjustment is primarily due to Board of Revision assessment decisions on larger properties that have impacted the growth expectation of Property Levy revenue in 2021. Due to this assessment growth adjustment, a decrease in the Property Levy of $32,000 was required to ensure the property tax rate increase remained unchanged.

Utility Revenue Reduction - $10.07 Million Revenue Reduction Offset with Equivalent Expenditure Reductions
SL&P had projected a 3% rate increase for the 2021 Operating Budget; however, this rate increase is no longer expected which will result in a $4,240,600 reduction in anticipated revenue. This is directly offset with expenditure reductions, including fuel expenditures of $7,000, electrical savings of $6,700 due to the rate reduction and for the 10% provincial rebate of $25,900, reduction of $578,400 in GIL transfer, reduced bulk power costs of $2,240,700, and a reduction of $1,381,900 in transfer to capital reserves, resulting in a net $0 change.

Wastewater Utility usage is expected to be approximately 5% less than previously budgeted, due to increased conservation efforts from consumers resulting in a

$2,455,700 reduction in revenues. Due to the acceleration of the N40 Force Main Project (P2592), there will be an increase of $412,000 in the down payment for borrowing. These are directly offset with a reduction of $200 in fuel expenditures, electrical savings of $52,400 due to the rate reduction and for the 10% provincial rebate of $201,200, $138,400 reduction in GIL transfer, $245,600 reduction in ROI transfer, and a reduction of $2,229,900 in transfer to capital reserves, resulting in a net $0 change.

The Water Utility is expected to be approximately 5% less than previously budgeted, due to increased conservation efforts from consumers resulting in a $3,378,300 reduction in revenues. Due to the acceleration of the North East Reservoir Project (P2219), there will be an increase of $2,851,000 in the down payment for borrowing. This is directly offset with a reduction of $20,200 in fuel expenditures, $94,100 in electrical savings due to the rate reduction and for the 10% provincial rebate of $349,100, $244,200 reduction in GIL transfer, $337,800 reduction in ROI transfer, and a $5,183,900 reduction in transfer to capital reserves, resulting in a net $0 change.

Multi-Material Stewardship Western Funding (MMSW) - $0.64 Million Increase in Revenue Offset by $0.20 Million Increase in Expenditures

Waste Services Utility revenue increased due to additional MMSW funding of $639,700. MMSW developed and approved an updated payment model to adjust rates that will take effect January 1, 2021. The revenue was received into the Waste Services Utility and allocated to Environmental Health Business Line to fund the Compost Depot operations in the amount of $363,200, and additional expenditures for Household Hazard Waste in the amount of $80,000, and was also used to transfer $196,500 into the Environmental Sustainability Reserve to be used on future projects.

Electrical Savings - $1.28 Million Reduction in Expenditures

The removal of an expected 3% electrical rate increase has resulted in savings of $261,700 in mill rate programs (including street lighting but excluding Police, which is detailed in the following section). Additionally, the province had announced a 10% rebate as part of the election campaign. In order to ensure the budget could come in within the Safe Restart funding, the Administration made a best case assumption that this rebate will be received by the City for many of its programs, including street lighting. The resulting savings incorporated in the mill rate programs are $1,020,800 (including street lighting but excluding Police, which is detailed in the section below).

Police - $0.41 Million Expenditure Increase

On September 17, 2020, the Board of Police Commissioners resolved that the Preliminary Police Operating Budget estimates be approved and forwarded to City Council's Business Planning and Budget Review meeting, resulting in additional expenditures of $498,300. Subsequent to this approval, a reduction in SL&P rates for $17,700 and a 10% electrical rebate of $68,100 resulted in savings to the Police budget. Appendices 2 and 3 detail the proposed changes from the meeting of the Board of Police Commissioners which includes an additional of 5 FTEs.

Transportation Loan - $0.09 Million Expenditure Reduction

The Administration reduced expenditures for a loan that expired in 2020 in the amount of $85,700. This loan was taken by Transit and the full amount was repaid.