

2021 Business Plan and Budget Proposed Adjustments

ISSUE

City Council must formally approve the previously approved 2021 Operating and Capital Business Plan as well as any significant adjustments to the Plan.

RECOMMENDATION

1. That the 2021 Operating Plan approved by City Council on November 25, 2019, be amended to include:
 - a. \$17,239,500 in adjustments to revenue and expenditures for the COVID-19 items as shown in Table 2;
 - b. An increase in revenue of \$19,052,500 in Safe Restart funds as shown in Table 2; and
 - c. \$1,813,000 in adjustments to revenue and expenditures for the non-COVID-19 items as shown in Table 2;
2. That the 2021 Operating Plan, as amended, be approved as the 2021 Operating Budget;
3. That the 2021 Operating Plan approved by City Council on November 25, 2019, for the Saskatoon Public Library be approved as the 2021 Operating Budget;
4. That the 2021 Capital Plan approved by City Council on November 25, 2019, be amended to include a reduction of \$9,966,000 to capital budgets as shown in Table 4;
5. That the 2021 Capital Plan, as amended, be approved as the 2021 Capital Budget; and
6. That the 2021 Capital Plan approved by City Council on November 25, 2019, for the Saskatoon Public Library be approved as the 2021 Capital Budget.

BACKGROUND

Council Policy No. C03-036, Multi-Year Business Plan and Budget Policy, outlines the requirements for the multi-year budget. In the year prior to the first year of a multi-year budget, City Council approves the business plan and budget.

Any significant changes identified in the subsequent years, and as allowed within the policy, are to be brought forward to City Council's Business Plan and Budget Reviews as part of a Proposed Adjustments document for consideration. There are identified significant non-COVID-19 impacts as well as COVID-19 related impacts. These significant external impacts due to the pandemic since the approval of the 2021 Operating Plan in November 2019 required a number of adjustments and reductions to applicable business lines.

The original approved 2020/2021 Multi-Year Business Plan and Budget document will not be updated based on changes made in subsequent years. Instead, it will be supplemented with the City Council-Approved Adjustments document, which will

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provide an overview of adjustments to the property tax, operating expenditures, operating revenues and capital projects.

At its 2020/2021 Multi-Year Preliminary Corporate Business Plan and Budget meeting on November 25, 2019, City Council approved the 2021 operating plan as summarized in Table 1, resulting in a 3.87% property tax increase for 2021.

Table 1 – Previously Approved 2021 Operating Plan

Business Line	2021 Original Revenue	2021 Original Expense	Total Original Plan
Arts, Culture and Events Venues	-	8,697,600	8,697,600
Community Support	(2,587,500)	19,325,800	16,738,300
Corporate Asset Management	(573,000)	12,868,300	12,295,300
Corporate Governance and Finance	(9,943,000)	78,599,100	68,656,100
Environmental Health	(7,977,900)	26,876,400	18,898,500
Land Development	(5,892,800)	5,892,800	-
Recreation and Culture	(24,890,100)	59,050,200	34,160,100
Saskatoon Fire	(1,269,900)	54,675,700	53,405,800
Saskatoon Police Service	(10,779,000)	114,776,900	103,997,900
Taxation and General Revenues	(453,943,400)	5,350,700	(448,592,700)
Transportation	(24,299,600)	149,180,500	124,880,900
Urban Planning and Development	(9,502,600)	16,364,800	6,862,200
Utilities	(384,608,400)	384,608,400	-
TOTAL	(936,267,200)	936,267,200	-

The full details of the prior approvals can be found in the [Approved 2020/2021 Detailed Operating & Capital Budget with Capital Project Details](#).

DISCUSSION/ANALYSIS

The recommended adjustments to the Business Lines as summarized in Table 2 and detailed in Appendix 1 consist of COVID-19 related impacts to both revenue and expenditures as well as non-COVID-19 related impacts. Many of the items detailed in the non-COVID-19 sections may have been caused in part by the pandemic but may also have other causes.

The Administration estimated a \$21.76 million total impact to the 2021 Operating Budget, however, in order to alleviate any increase to the previously approved property tax rate of 3.87%, the Administration investigated strategies to offset this additional impact. Part of this plan is to allocate \$19.05 million in held federal Safe Restart funding, in addition to making a number of expenditure reductions and assuming additional risk in some areas to offset the increase.

Some areas of budget reductions in expenditures include reduced training and travel, reducing fuel costs, and discretionary hiring restrictions to help offset some potential risk areas affecting revenues. For example, the impact of the November 7, 2020 snow storm and the snow removal costs will spill into 2021, however, the 2021 budget has not been increased for this due to the difficulty in predicting snowfall. While this increases the risk on the snow budget, there is also the possibility that the additional amount could

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be absorbed within the 2021 budget, and there is still the possibility of future federal government assistance for municipalities in 2021. Should there be a deficit at the end of 2021, the strategy would be to then use existing stabilization reserves or, if necessary, other reserves to balance the year-end results.

Details of the 2021 adjustments are included in Appendix 1. The adjusted impacts on the operating budgets of \$19.05 million are balanced by equivalent federal Safe Restart funding within the Taxation and General Revenues Business Line and are detailed in Appendix 1.

The Police Operating Budget is included in Table 2, as well as in Appendix 1, and the Board of Police Commissioners' Operating Budget approval is provided in Appendix 2. Within this approval, there is an addition of five FTEs for Special Constables. All other FTEs remain the same as presented at the November 25, 2019 City Council meeting. The summary of FTEs is listed in Appendix 3.

Table 2 – 2021 Budget Adjustment Summary by Business Line

Business Line	COVID-19 Revenue Impact	COVID-19 Expense Impact	Total COVID-19 Adjustment	Non-COVID-19 Revenue Impact	Non-COVID-19 Expense Impact	Total Non-COVID-19 Adjustment	Total Budget Adjustment
Arts, Culture and Events Venues	-	-	-	-	-	-	-
Community Support	-	(773,000)	(773,000)	-	(1,500)	(1,500)	(774,500)
Corporate Asset Management	-	1,964,700	1,964,700	-	(104,700)	(104,700)	1,860,000
Corporate Governance and Finance	-	1,052,200	1,052,200	-	(1,400)	(1,400)	1,050,800
Environmental Health	219,000	18,000	237,000	-	(485,100)	(485,100)	(248,100)
Land Development	154,000	(154,000)	-	-	-	-	-
Recreation and Culture	4,582,800	(436,900)	4,145,900	-	(249,300)	(249,300)	3,896,600
Saskatoon Fire	-	86,000	86,000	-	(40,600)	(40,600)	45,400
Saskatoon Police Service	-	-	-	-	412,500	412,500	412,500
Taxation and General Revenues	3,525,500	154,000	3,679,500	3,884,800	-	3,884,800	7,564,300
Transportation	7,418,100	(105,000)	7,313,100	-	(1,601,700)	(1,601,700)	5,711,400
Urban Planning and Development	1,418,800	(1,884,700)	(465,900)	-	-	-	(465,900)
Utilities	6,148,900	(6,148,900)	-	9,434,900	(9,434,900)	-	-
SUBTOTAL	23,467,100	(6,227,600)	17,239,500	13,319,700	(11,506,700)	1,813,000	19,052,500
Taxation and General Revenues - Safe Restart Funds	(19,052,500)	-	(19,052,500)	-	-	-	(19,052,500)
TOTAL	4,414,600	6,227,600	(1,813,000)	13,319,700	(11,506,700)	1,813,000	-

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The non-COVID-19 adjustments are summarized in Table 3 and are detailed in Appendix 1.

Table 3 – Non-COVID-19 Adjustments

Description	Budget Impact	Business Line Affected
Fuel Savings	(672,900)	Dispersed throughout the Business Lines
Grants In Lieu and Return on Investment Revenue Reduction	1,544,400	Taxation and General Revenues
Property Levy/Assessment Growth Revenue Reduction	867,500	Taxation and General Revenues
Municipal Revenue Sharing Revenue Reduction	1,472,900	Taxation and General Revenues
Utility Revenue Reduction	10,074,600	Utilities
Utility Expenditure Reduction	(10,074,600)	Utilities
Electrical Savings (rate increase removed and rebate expected)	(1,282,500)	Dispersed throughout the Business Lines
Police Expenditure Increase	412,500	Police
Multi-Material Stewardship Western Funding	(639,700)	Environmental Health and Utilities
Multi-Material Stewardship Western Expenditure	196,500	Environmental Health and Utilities
Transit Loan Expiry	(85,700)	Transportation
TOTAL	1,813,000	

Proposed changes to the 2021 Capital Budget in the amount of \$9.96 million are summarized in Tables 4 and 5, with details for each project included in Appendix 4. The Board of Police Commissioners' Capital Budget approval is detailed in Appendix 5.

Table 4 – Approved 2021 Capital Plan and Revised 2021 Capital Budget

Business Line	2021 Approved Capital	2021 Revised Capital	Net Change
Arts, Culture and Events Venues	732,000	732,000	-
Community Support	-	250,000	250,000
Corporate Asset Management	20,586,000	20,586,000	-
Corporate Governance and Finance	1,079,000	2,479,000	1,400,000
Environmental Health	1,643,200	1,733,200	90,000
Land Development	89,604,000	45,965,000	(43,639,000)
Recreation and Culture	3,935,000	4,075,000	140,000
Saskatoon Fire	1,495,000	6,780,000	5,285,000
Saskatoon Police Service	2,693,000	2,869,000	176,000
Taxation and General Revenues	-	-	-
Transportation	47,045,000	47,045,000	-
Urban Planning and Development	3,514,000	3,514,000	-
Utilities	122,280,000	148,612,000	26,332,000
TOTAL	\$294,606,200	\$284,640,200	\$(9,966,000)

Table 5 – Revised 2021 Capital Budget by Project

Project Name	2021 Approved Capital	2021 Revised Capital	Net Change
P625 Land Dev't Tr Swr – Northeast Sector	11,370,000	-	(11,370,000)
P634 Land Dev't – Tr Swr – North Industrial	13,278,000	-	(13,278,000)
P677 Albert Comm Centre Renos	75,000	50,000	(25,000)
P1272 SL&P – Buildings & Grounds	1,300,000	-	(1,300,000)
P1389 Police – Notebook Replacement (In-car)	280,000	340,000	60,000
P1410 Land Dev't – Elk Point	-	175,000	175,000
P1411 Land Dev't – Aspen Ridge	19,751,000	20,737,000	986,000
P1416 Land Dev't Tr Swr – Hampton Village	-	1,400,000	1,400,000
P1417 Land Dev't – Tr Swr – Blairmore	1,495,000	-	(1,495,000)
P1418 Land Dev't – Tr Swr – Holmwood	10,547,000	200,000	(10,347,000)
P1419 Land Dev't – Brighton	14,451,000	15,983,000	1,532,000
P1435 Land Dev't – Primary Watermains – North Industrial	2,435,000	80,000	(2,355,000)
P1460 Land Dev't – Artl Rd – Neault Rdwy	9,237,000	-	(9,237,000)
P1468 Land Dev't – Art Rd – 8 th Street East	-	200,000	200,000
P1595 Neighbourhood Parks Enhancements	-	250,000	250,000
P1769 Land Dev't – Marquis Industrial Area	3,321,000	3,471,000	150,000
P1829 Service Saskatoon Systems	-	1,250,000	1,250,000
P1971 Fire – Fire Training Facility	-	4,250,000	4,250,000
P2051 Landfill Optimization	500,000	590,000	90,000
P2219 Wtr – NE Sector Reservoir	21,218,000	44,730,000	23,512,000
P2286 Development Levies Review – Implementation Plan	-	150,000	150,000
P2379 Fire Major Apparatus Replacement	865,000	1,900,000	1,035,000
P2389 Police – Fleet Additions	199,000	470,000	271,000
P2497 Police – Equipment Replacement	451,000	456,000	5,000
P2498 Police – Equipment Expansion	77,000	155,000	78,000
P2499 Police – Technology Replacement	1,161,000	673,000	(488,000)
P2592 WW – N40 Forcemain	-	4,120,000	4,120,000
P2600 New Indoor Recreation Facilities	-	165,000	165,000
P2610 Police – Technology Expansion	341,000	591,000	250,000
Net Change			\$(9,966,000)

The Saskatoon Public Library is not included in the numbers presented in the tables of this report. There are no changes being proposed to the 2021 Operating Plan that was approved by City Council on November 25, 2019. The approved revenue of \$28,466,600 and offsetting expenditures of the same amount will remain unchanged, resulting in the already approved 3.88% Saskatoon Public Library property tax increase. Additionally, there are no changes being proposed to the already approved Saskatoon Public Library 2021 Capital Plan of \$200,000.

It is also important to note that board-approved budgets for TCU Place, SaskTel Centre and Remai Modern are not included in any of the numbers presented in this report. Appendices 6-8 are the board-approved budgets for each of these entities.

FINANCIAL IMPLICATIONS

The Administration had estimated a net impact of \$21.76 million, however, using a best-case scenario or assuming additional risk for some numbers, adjustments were made to ensure that the budget can be balanced with the Safe Restart funding that the City

received. These adjustments are to the Municipal Revenue Sharing revenue, assuming the City will receive a 10% rebate on electrical costs including street lighting, a reduction in a transportation loan, traffic violations revenue, and the Provincial Franchise fees which are detailed in Appendix 1. After these adjustments, the operating change due to COVID-19 related impacts is \$17.24 million and the operating change due to non-COVID-19 related impacts is \$1.81 million, for a net impact of \$19.05 million. Making these adjustments will ensure the approved property tax increase remains as was approved.

The 2020 year-end financial forecast estimates a \$20.1 million deficit that will be funded mostly through \$15 million in held reallocated reserve funds through the use of Municipal Economic Enhancement Program (MEEP) funding applied to existing capital programs. The remaining deficit amount, should it materialize, is proposed to be funded through one-time reductions in reserve contributions. The year-end financial results are expected to be known in March or April 2021 at which time the detailed funding of the deficit will be reported.

COMMUNICATION PLAN

The 2021 Adjusted Budget will be supported by communications such as a news release, website updates and social media messaging. Once completed, the 2021 Adjusted Budget document will be made available on the City's website (saskatoon.ca/finance).

OTHER IMPLICATIONS

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

NEXT STEPS

The City Council-Approved Adjustments Document for 2021 will be prepared reflecting the decisions made and will be available on the City's website in early 2021.

APPENDICES

1. 2021 COVID-19 and Non-COVID-19 Operating Adjustments
2. 2021 Police Operating Budget Adjustments
3. 2021 Adjusted Summary of FTEs
4. 2021 Adjusted Capital Details
5. 2021 Police Capital Budget Adjustments
6. 2021 TCU Place Budget
7. 2021 SaskTel Centre Budget
8. 2021 Remail Modern Budget

REPORT APPROVAL

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