

2022 and 2023 COVID-19 Related Budgetary Assumptions and Adjustments

The ongoing COVID-19 pandemic generates a high degree of uncertainty for fiscal planning. With that in mind, the 2022-23 fiscal plan relies on various assumptions as to when pandemic restrictions are lifted and the gradual return to pre-pandemic levels of activity may occur. The City of Saskatoon's (City) budgetary assumptions for 2022 and 2023 are correlated to how quickly usage of some pandemic-restricted services will return to full capacity or consumption.

The City's planning assumptions aligns with the phases of the revised Re-Open Saskatchewan Plan. Specifically, it assumes that there will be no operating or capacity restrictions on businesses, City operations, or social distancing requirements in effect as at January 1, 2022.

Given those caveats, the COVID-19 related impact for 2022 and 2023 respectively is \$16,825,600 and \$10,022,400. In the 2021 Approved Budget, \$19,052,500 revenue from the Safe Restart funding was used to offset changes made within the 2021 budget. COVID-19 impacts from revenue reductions or expenditure increases that were expected in the budget were \$17,168,500. The removal of this one-time funding and the removal of the COVID-19 revenue reductions or expenditure increases generated a net fiscal impact of \$1,884,000 relative to 2021 in addition to ongoing impacts of \$14,941,600 in 2022 and \$8,138,400 in 2023. The Administration did not include these numbers within the proposed indicative rate. One-time funding will be required in each of 2022 and 2023 so these figures are not cumulative as shown in other appendixes.

The COVID-19 items are over and above the amounts shown below and will need to be covered through one-time funding in each year. Eventually the base budget will need to be corrected once the impact from the pandemic on future budgets becomes more permanent.

That said, the Administration will report on a plan to address these fiscal impacts during the 2022/2023 Business Plan and Budget Review. In the meantime, the Administration will continue working with federal and provincial orders of government to obtain additional financial support to help offset these fiscal impacts. A detailed explanation of specific fiscal impacts are explained below.

Ongoing 2022 and 2023 COVID-19 Related Adjustments - \$14,941,600 and \$8,138,400

COVID-19 Impacts - \$1,613,900 (2022) and \$1,613,900 (2023) Expenditures

It is expected that there will be an ongoing increased cleaning protocol required throughout 2022 and 2023 in the amount of \$1,613,900 for each year. This includes increased cleaning costs at civic facilities and transit buses because of additional staff time, cleaning supplies, security, and personal protective equipment.

Saskatoon Transit and Access Transit - \$5,485,000 (2022) and \$4,208,900 (2023)
Revenue Reduction

The return to pre-COVID-19 ridership levels for Saskatoon Transit and Access Transit is anticipated to take several years. Ridership is dependent on consumer behaviours such as working from home and virtual learning options that may be available after the pandemic. The expected ongoing decrease in revenue for Saskatoon Transit is \$5,348,900 and \$4,097,700 in fiscal years 2022 and 2023 respectively and \$136,100 and \$111,200 in fiscal years 2022 and 2023 respectively for Access Transit.

Parking Revenue - \$948,300 (2022) and \$0 (2023) Revenue Reduction

Parking revenue is projected to be approximately 15% lower than pre-COVID-19 levels through 2022. It is forecast to return to pre-COVID-19 levels in 2023, resulting in a reduction in revenue of \$948,300 and \$0 respectively in the Transportation Business Line.

Streetscape Reserve - \$470,200 (2022) and \$0 (2023) Expenditure Reduction

The contribution to the Streetscape Reserve is based on parking revenues. The reduction in parking revenue mentioned above will result in \$470,200 and \$0 less funding transferred into the reserve.

Development Permits - \$59,300 (2022) and \$0 (2023) Revenue Reduction

Development permits are expected to be lower by approximately \$59,300 in 2022 and recover in 2023. The Development Review Program Stabilization Reserve will not have sufficient funding to cover the amount of the revenue reduction.

Fines and Penalties - \$1,038,000 (2022) and \$0 (2023) Revenue Reduction

The reduction in parking metre usage results in fewer parking tickets being issued, generating an estimated reduction in parking fines of approximately \$638,000. In addition, the reduction in traffic violations issued by the Saskatoon Police Service is expected to continue into 2022 resulting in a \$400,000 revenue reduction.

Land Surplus Operating Contribution - \$224,200 (2022) and \$174,000 (2023)
Expenditure Increase

The transfer from Saskatoon Land for parking revenues, which shows as an expenditure decrease within the Taxation and General Revenue Business Line, is expected to be lower in 2022 by \$224,200 and \$174,000 in 2023.

Municipal Revenue Sharing - \$6,043,100 (2022) and \$2,141,600 (2023) Revenue Reduction

Municipal Revenue Sharing (MRS) revenue is an unconditional transfer from the provincial government. It is based on Provincial Sales Tax (PST) revenue realized by the Saskatchewan Government in a fiscal year that concludes about 18 months prior to when the transfer is officially made. For 2022, MRS is based on provincial PST revenues for the fiscal year end March 31, 2021. As such, the MRS is anticipated to decrease by an estimated \$6,043,100 in 2022. It is forecast to see a partial recovery (increase) of \$3,901,500 in 2023.