

2022/2023 Business Plan and Budget Options

ISSUE

In order to address City Council's strategic priorities, some initiatives may require annual operating funding and others may require one-time capital or project-based funding. The Administration is seeking input from City Council to prioritize the capital options for final consideration at the 2022/2023 Business Plan and Budget Review meeting in November 2021. Operating budget initiatives are also presented for information, and it is expected that City Council will consider these during the Business Plan and Budget Review.

BACKGROUND

At its meeting on April 26, 2021, when considering a report regarding the Canada Community Building Fund (formerly the Federal Gas Tax program) City Council resolved:

“That the following strategy be approved in principle for use of future Canada Community Building Funds:

1. That 25% of the expected funds be held in contingency to offset the financial risk in the 2021 fiscal year;
2. That 25% of the expected funds be transferred to the Fiscal Stabilization Reserve; and
3. That 50% of the expected funds be transferred to the Reserve for Capital Expenditures.”

At its meeting on June 21, 2021, when considering a report regarding the 2022/2023 Indicative Budget, the Governance and Priorities Committee (Committee) resolved:

- “1. That special Budget Review meetings be arranged for SPC Finance to undertake a deeper review of the proposed 2022/23 budget. The purpose of the review would be to explore options to address the property tax pressure residents and businesses are facing in this unprecedented year, while also recognizing the need to maintain quality services and address strategic priorities of City Council. That there also be opportunities for stakeholder engagement as part of this process; and
2. That the Administration report back as soon as possible regarding the implications for the funding and operations of waste programs, including the organics program, if funding for the organics program moved to a utility model.”

CURRENT STATUS

The Administration has compiled business plan initiatives that will help achieve City Council's strategic priorities, both operating and capital. The Administration is tabling these initiatives at this meeting with the Committee.

The operating budget impacted initiatives in Appendix 1 are being presented for information only. As there are currently no additional operating funds available in the indicative budget, the Administration is not recommending any increases to the operating budget. However, City Council will receive this list as part of the 2022/2023 Business Plan and Budget Review agenda in late November, in which City Council can make any operating budget adjustments it feels necessary at that time.

Capital Budget Options are presented in Appendix 2. The Administration is asking the Committee to review these for prioritization in September to allocate available Reserve for Capital Expenditures (RCE) funding and funding from the Canada Building Community Fund. The Committee members, through an electronic survey, will each be asked to prioritize these initiatives in September with the results being reported to Committee in October as information. The results of the survey will be forwarded to the 2022/2023 Business Plan and Budget Review in late November at which time City Council can deliberate the project list and approve the allocation of RCE (including available Canada Community Building Funds) towards these projects or other initiatives.

DISCUSSION/ANALYSIS

In order to address City Council's strategic priorities, some initiatives can be completed within existing resources, some require annual operating funding, and others require one-time capital or project-based funding. The Administration has dedicated significant time developing business plan initiatives that will help achieve City Council's strategic priorities.

The Operating Budget Options are presented in Appendix 1 and are for Committee's information.

The Capital Budget Options are presented in Appendix 2 for further prioritization.

Operating Budget Options

Appendix 1 outlines \$11.7 million in 2022 and \$4.3 million in 2023 in operating options for Committee to consider for implementation as part of the 2022/2023 Business Plan and Budget. Some of the Business Plans presented have varying options (e.g., Snow Grading and Removal on Local Streets) and in these instances, only one option has been included in the total mentioned above.

This listing of options is for the Committee's information and for future consideration to adjust the operating budget by adding the item in full or in part, where feasible during the 2022/2023 Business Plan and Budget Review meeting. These may include adjustments to the operating program service levels and as a result would likely impact property tax rates. Based on Committee's recommendation at its June 21, 2021 meeting to review and explore options to address the property tax pressure faced by

residents and businesses, the Administration is not recommending the implementation of any of these operating options; however, City Council can ultimately decide to include or phase-in any of the identified initiatives at its Business Plan and Budget Review in November.

Asset Management Plans are included in the operating options. They identify options for phase-ins of sustainable funding to ensure approved condition levels can be maintained. The addition of one-time funding can also be considered by City Council to help alleviate the pressure within the Asset Management Plans. Although that will not build ongoing funding, it can still help to temporarily improve asset conditions and reduce the need for immediate operating funding.

Capital Budget Options

Further to the April 26, 2021 Canada Community Building Fund report, the Government of Canada confirmed that the top-up amount for the City will be \$14.8 million. As per City Council resolution, 50% (\$7.4 million) of this amount will be transferred to the RCE. The Administration estimates that, including this amount, a total of \$10.2 million in the RCE will be available for allocation over 2022/20223 as part of the Business Plan and Budget Review.

City Council could also replace any projects that are funded from reserves within the Administration's proposed capital plan and budget that will be presented at the Business Plan and Budget Review provided the use of the reserve funds meets the criteria as identified in the Capital Reserve Bylaw. Impacts of such replacement decisions would likely require further reporting from the Administration.

Appendix 2 is a list of potential capital projects, totaling \$63.9 million, for Committee's consideration and prioritization. The Downtown Event and Entertainment District, Arena, and Convention Centre project is shown in Appendix 2; however, it is not included in this total and is only provided for information. The Administration is currently working with the respective Boards of TCU Place and SaskTel Centre on the possibility of that work being funded from their existing reserves.

Committee could also choose to allocate available RCE funding to any unfunded project, either due to insufficient funding from another reserve or no identified source of funding.

It is important to note that this is a preliminary list of options, and City Council will have the option at its 2022/2023 Business Plan and Budget Review to finalize allocation of available RCE funding.

FINANCIAL IMPLICATIONS

The financial implications of each option are shown in Appendices 1 and 2.

OTHER IMPLICATIONS

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

NEXT STEPS

Operating Budget Options

The information within Appendix 1 will be forwarded to the 2022/2023 Business Plan and Budget Review. City Council can choose to add or phase-in any initiative on the list or any other priority operating initiative to the 2022/2023 Budget.

Capital Budget Options

The Administration will conduct an email survey of Committee and gather the preferred prioritization feedback until September 30, 2021 on the capital options. The Administration will present the RCE prioritization survey results to Committee at its October 18, 2021 meeting.

The prioritized list will be included within the 2022/2023 Business Plan and Budget Review, where City Council can deliberate on the prioritized list as well as any other capital initiatives that City Council wishes to add to the budget.

APPENDICES

1. 2022/2023 Business Plan and Budget Operating Options
2. 2022/2023 Capital Expenditure Options

REPORT APPROVAL

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