2022 and 2023 Revenue Projections

This document explains the budgeted revenues that impact the indicative rate for 2022 and 2023. All amounts stated within this appendix will be shown as 2022 and 2023 respectively unless otherwise stated. Additionally, only transfers such as surplus operating contributions, Return on Investment (ROI) or Grants-in-Lieu (GIL) from Utilities and Land Development are included in these numbers; all other Land Development and Utilities revenues are excluded as they are self-balancing and do not impact the proposed indicative rates.

Overall, the Administration is anticipating total revenue increases of $3,146,900 and $5,063,200 respectively (exclusive of any potential property tax increases). These revenue increases are the combined total from sources such as GIL, general revenues, user fees, government transfers and anticipated growth in the tax base. Unlike federal and provincial orders of government, municipal governments are limited in terms of how they raise revenues and are legislatively required to produce a balanced budget each fiscal year. This produces a strong budgetary constraint, limiting the City's fiscal flexibility to address persistent fiscal shocks.

The minimal non-tax revenue growth for these two years has a significant negative impact on the indicative rate, as non-tax revenue increases are required to offset some expenditure increases. Without consistent and sustainable growth in non-tax revenue, the City relies on property tax increases to fund operations.

With that context in mind, the Administration has removed some revenue decreases or, in some cases, increased revenue assumptions as proactive measure to limit the increase in the indicative rate. These amounts are shown as "Administrative Adjustments" in this appendix and have been excluded from the indicative rate calculation.

Moreover, the Administration has spread out the amounts required over several years to lessen the property tax impact. Similar adjustments were made for expenditures. To realize these assumptions, the proposed amounts will require cost saving measures to be implemented throughout the corporation, including, but not limited to, spending restrictions or freezes.

One of the larger revenue impacts facing the City in fiscal year 2022 is a forecasted decrease of about 10.7% (or $6 million) due to Municipal Revenue Sharing. The implications of this are explained in Appendix 1.

In addition, ongoing revenue impacts from COVID-19 such as Transit revenues are also not included in this summary and can be found in Appendix 1. All amounts listed in Appendix 1 will require one-time funding to balance the budget.

The revenue assumptions (or forecasts) that are included in the indicative rate are explained for each business line below. Table 1 offers a summary of the forecasted revenue assumptions for each business line.

Table 1 – Revenue

Business Line	2022 Revenue (Increase)/Decrease	2023 Revenue (Increase)/Decrease
Community Support	(58,300)	(35,700)
Corporate Asset Management	31,700	9,600
Corporate Governance and Finance	(1,303,700)	298,700
Environmental Health	(50,000)	-
Recreation and Culture	(267,000)	(354,900)
Taxation and General Revenues	(1,636,900)	(4,992,600)
Transportation	109,100	31,500
Urban Planning & Development	28,200	(19,800)
Total Revenue Increase	**$(3,146,900)**	**$(5,063,200)**

Community Support - $58,300 (2022) and $35,700 (2023) Revenue Increase
Animal Licenses and Perpetual Care revenues are expected to increase in 2022 and 2023. The rates and fees assumed for animal license increases will be reviewed and approved during the Business Plan and Budget Review.

Corporate Asset Management - $31,700 (2022) and $9,600 (2023) Revenue Reduction
Lease revenue from properties is expected to decrease in 2022 and 2023.

Corporate Governance and Finance - $1,303,700 (2022) Revenue Increase and $298,700 (2023) Revenue Reduction
Administrative Adjustments: The revenue reductions in Appendix 1 for the COVID-19 impacts consider the revenue reductions that are expected; however, they do not account for the annual expected and necessary increases in revenue that are imperative to provide services. The Administration has made conservative estimates for revenue increases in various business lines and to help ensure the indicative rate is lower and buffer uncertain revenue projections, the Administration has increased projected general revenue amount by $1,600,000.

The smaller decreases in revenue are due to a base budget adjustment to match Administrative recoveries from the Utilities and is split over four years to help keep the indicative rate lower.

Environmental Health - $50,000 (2022) and $0 (2023) Revenue Increase
The loss of a contract at the Compost Depot is expected to result in a loss of revenue of $30,000 in 2022. Additional Multi-Material Stewardship Western (MMSW) revenue of $80,000 is expected in 2022 (which will be fully offset by Household Hazardous Waste expenditures).

Recreation and Culture - $267,000 (2022) and $354,900 (2023) Revenue Increase
Rate and volume increases at the Forestry Farm Park and Zoo, Leisure Centres, Outdoor Rinks, Pools, and Sports Fields, will result in revenue increases in both 2022 and 2023. The rates assumed for these increases will be reviewed and approved during the Business Plan and Budget Review.

Taxation and General Revenues - $1,636,900 (2022) and $4,992,600 (2023) Revenue Increase

- Fines and Penalties base revenue budget is approximately $400,000 too high compared to historical actuals. The Administration is proposing to not correct this base budget item in 2022 to keep the indicative rate lower, however, is proposing to reduce revenues by $200,000 in 2023, and then another $200,000 reduction in revenue would be required for 2024 to address this ongoing base budget issue.
- License revenue for mobile vendors or transient traders is decreased by $21,200 in 2022 to reflect the average actual revenues received.
- Property Tax Assessment Growth increase in revenue is expected to be $1,289,200 and $3,451,000 respectively.
- Provincial Utilities Franchise Fees revenue is expected to increase by $748,800 and $608,500 respectively.
- GIL of Taxes is expected to be lower in 2022 by $47,400 and an increase of $650,900 in 2023. This is made up of the federal and provincial GIL which is expecting to be no change in 2022 and an increase of $240,500 in 2023, a decrease from the Land Bank Program of $27,800 and $227,300 respectively, and City Utility decrease of $19,600 in 2022 and an increase in 2023 of $637,700.
- The ROI revenue from the Water and Wastewater Utilities is expected to increase by $380,900 and $99,100 respectively. The amount in 2023 is the net of $599,100 increase from the Water and Wastewater Utilities and a decrease of $500,000 in Saskatoon Light and Power ROI. The decrease of $500,000 is to support Saskatoon Light and Power's infrastructure maintenance requirements that have been eroded in recent years due to no rate increases and declining sales volumes which are required to offset growth and inflationary related cost increases.
- Interest Revenue is expected to decrease by $1,705,200 in 2022 due to interest rates being lower than previous budgets and then increase in 2023 by $343,900. Administrative Adjustments: Future rates are unknown; therefore, the Administration has only reduced the interest rate by $1,111,600. This decrease will be partially offset within the expenditure section by a transfer from the Interest Stabilization Reserve.
- Taxation Revenues from servicing agreements and tax penalties are expected to increase by $398,200 and $39,200 respectively.

Transportation - $109,100 (2022) and $31,500 (2023) Revenue Decrease

- A base budget revenue decrease of $34,100 in both 2022 and 2023 is required as actual revenues for vehicle permit fees, right-of-way permits and sidewalk crossing permits have been lower than the originally optimistic budget. This amount has been split over the two years to help keep the indicative rate lower.
- A base budget revenue decrease of $32,000 is also required in 2022 for parking ticket enforcement as late ticket fees have been historically low in prior years.
- The Temporary Reserve Parking program is expected to be $43,000 lower in 2022 due to a decrease in construction.
- The Parking Permit program is expecting a small increase in revenues of $2,600 in 2023.
- The impact of the approved revisions to Parking Revenue Formula have been included in the estimates in the Parking, Urban Design and Business Improvement Districts Service Lines. The net impact of these changes is a mill rate increase of $54,700.

- Administrative Adjustments: Although the Impound Lot budgeted revenue is higher than historical actuals by approximately $40,000, the Administration is not reducing this revenue to match to actuals.
- Transit Revenues are not included in the indicative rate numbers as they are found in Appendix 1 which speaks to ongoing COVID-19 related impacts.

<u>Urban Planning and Development - $28,200 (2022) Revenue Decrease and $19,800 (2023) Revenue Increase</u>

- Mapping sales revenue and Development Review revenue are expected to decrease by $10,000 in 2022.
- Development Review revenue is expected to decrease by $18,200 in 2022 and increase by $19,800 in 2023 which are both offset by the transfer to the Development Review Program Stabilization Reserve. The rates assumed for these increases will be reviewed and approved during the Business Plan and Budget Review.