

2021 Financial Forecast – City of Saskatoon’s Corporate Business Plan and Budget

ISSUE

This report presents the most current information for the City’s 2021 Corporate Business Plan and Budget.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that the Province of Saskatchewan funds received for prior years highway maintenance in the amount of \$1.25 million be held in contingency to offset the financial risk in the 2021 fiscal year.

BACKGROUND

As outlined in the Multi-Year Business Plan and Budget Policy (Council Policy No. C03-036), the Administration will provide the Standing Policy Committee on Finance a mid-year and third-quarter update on the approved Business Plan and Budget.

At its meeting on April 26, 2021 when considering a report of the Governance and Priorities Committee, City Council resolved:

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

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.”

DISCUSSION/ANALYSIS

The Administration prepares regular financial forecasts. This forecast is based on the most current information known to the Administration at the time of preparing this report, using the July 2021 general ledger actual revenues and expenditures as well as any other significant changes to date.

Details of the variances to the 2021 budget for the major affected areas are included in Appendix 1. Each of these items are based on assumptions that may change over the course of the fiscal year and have a high degree of volatility due to ongoing COVID-19 pandemic impacts. While these figures are preliminary and are based on data to date, the Administration will continue to follow fiscal restrictions in place to minimize the year-end deficit. These include spending and hiring restrictions that have been in place since

2020, balanced with the need to continue providing all civic services and drive forward the City’s transformational change agenda.

The gross year-end deficit is projected to be \$5.7 million, which is driven primarily by the \$3.0 million overage in the Transportation business line due to the cleanup of the November 2020 blizzard and city-wide snow removal. This includes an estimated \$2.0 million in savings from the discretionary spending and hiring protocols in place, and additional costs of \$315,000 for the addition of the National Day for Truth and Reconciliation statutory holiday.

As part of a strategy to ensure there was funding to offset any deficit in 2021, an amount of \$3.7 million from the CCBF reallocation was put into contingency. The City also received \$1.25 million from the Province of Saskatchewan as payment for prior years maintenance on highways that were maintained by the City. The Administration is recommending that these funds also be held in contingency to offset the financial risk in the 2021 fiscal year. Use of these contingencies would bring the year-end deficit to \$781,300.

At this time, the Administration has not included any potential reductions to transfers to reserves to offset the remaining projected deficit; however, this option will be reviewed and reported on at year-end if necessary.

Forecasted Financial Impact – Controlled Corporations

The financial forecasts of the controlled corporations (Remai Modern, TCU Place and SaskTel Center) are not included in the City’s forecast in Table 1 of Appendix 1.

SaskTel Centre is forecasting a deficit of \$3.1 million for 2021 due to revenue losses from cancelled events as a result of the pandemic. This loss has been partially offset by reductions to the work force, employees’ work schedules, and discretionary spending. In addition, continued focus remains on ensuring overhead costs are optimized. The current year deficit for SaskTel Centre will be covered by its Stabilization Reserve as well as through transfers from its Capital Reserve fund subject to Board approval.

TCU Place is projecting a deficit of approximately \$2.7 million in 2021 due to revenue losses from cancelled and/or deferred events. Management is working to offset the deficit by energetically pursuing revenues and staying mindful of expenses. The deficit for TCU Place will be covered by its Stabilization Reserve and/or transfers from its Capital Reserve.

The Remai Modern is currently projecting to break even for 2021.

FINANCIAL IMPLICATIONS

The financial implications are outlined in this report.

OTHER IMPLICATIONS

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

NEXT STEPS

The Administration will present the third-quarter projections in November.

APPENDICES

1. 2021 Year-End Projection by Business Lines

REPORT APPROVAL

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