

2021 Year-End Projection by Business Lines

After applying transfers from utility reserves, the reallocation from the Canada Community Building Fund, and contingency from the Province of Saskatchewan for highway maintenance conducted by the City of Saskatoon (City), the year-end projection for 2021 based on actual revenues and expenditures as of July 31, 2021 is indicating an approximate 0.15% unfavourable variance from budget. It is cautioned that this forecast relies on seven months of performance and is subject to substantial variance as the remainder of the year proceeds including the impacts from the COVID-19 pandemic. A summary of this projected deficit is shown in Table 1.

Table 1 – Year to Date/Annual Variance

Business Line	July YTD Actuals	2021 YTD Budget	YTD Variance (Surplus) /Deficit	Year-End Forecast	2021 Budget	Variance (Surplus) /Deficit
Arts, Culture & Events Venues	3.4	5.1	(1.7)	8.7	8.7	0.0
Community Support	13.2	9.3	3.9	15.8	16.0	(0.1)
Corporate Asset Mgmt.	13.9	8.3	5.6	14.0	14.2	(0.2)
Corporate Governance & Finance.	(16.3)	39.0	(55.3)	69.00	66.9	2.1
Environmental Health	11.9	10.9	1.0	19.2	18.7	0.6
Fire & Protective Services	34.8	21.2	3.6	54.1	53.5	0.7
Land Development	0.1	0.0	0.0	0.0	0.0	0.0
Policing	68.7	60.8	7.9	104.2	104.2	0.0
Recreation & Culture	21.4	22.2	(0.9)	38.3	38.1	0.2
Taxation & General Revenues	(300.8)	(266.8)	(34.0)	(456.9)	(457.3)	0.4
Transportation	70.3	76.2	(5.9)	134.5	130.7	3.8
Urban Planning & Development	4.4	3.7	0.7	6.4	6.4	0.0
Operating Deficit (Surplus)	(75.0)	0.0	(75.0)	7.4	0.0	7.4
Discretionary Spending	0.0	0.0	0.0	(2.0)	0.0	(2.0)
Addition of Statutory Holiday	0.0	0.0	0.0	0.3	0.0	0.3
CCBF and Provincial Contingency ¹	0.0	0.0	0.0	(4.9)	0.0	(4.9)
Operating Deficit (Surplus) After Transfers from Reserves and Contingency	(75.0)	0.0	(75.0)	0.8	0.0	0.8
Utilities	(6.8)	0.0	(6.8)	(4.3)	0.0	(4.3)
Utility Reduction to Capital Contribution	0.0	0.0	0.0	(0.0)	0.0	(0.0)
Transfer from Utility Res. ²	(0.0)	0.0	(0.0)	4.3	0.0	4.3
Operating Deficit³ (Surplus)	(\$81.8)	\$0.0	(\$81.8)	\$0.8	\$0.0	\$0.8

In millions (000,000's)

1-3 calculated for annual forecast only

¹ Canada Community Building Fund and Province of Saskatchewan

The YTD columns in Table 1 include all revenue and expenditures to date. These three columns are not an indication of the variance to be expected at year-end as the revenue expected may not have been received or expenditures projected to year-end have not been incurred. Additionally, the YTD budget is an estimate of when expenditures and revenue may occur, but this may not be an accurate timing of when actual amounts will be incurred or received. The financial forecasts of the controlled corporations (Remai Modern, TCU Place, and SaskTel Centre) are not included in Table 1.

Significant Variances

The City of Saskatoon (City) has been transparent regarding base operating budget challenges that have presented themselves over the past several years. These challenges included budgetary gaps in waste services, transit, traffic violations, parks maintenance and leisure centre admissions to name a few. Significant strides have been made over the past several years in addressing these gaps, including service level reports, base budget adjustments and other initiatives. Additionally, although the 2021 budget includes COVID-19 impacts, the amounts were a best estimate at the time of producing the budget, and as detailed further in this appendix, there are variances on those projected amounts in some areas.

Community Support – Projected \$130,000 Surplus

An overall favourable variance is expected due to savings in grants not paid for joint school rental as there was no winter/spring programming, reduced accessibility admissions and registrations, and temporary staff vacancies. Part of these surpluses are offset by lower revenue from the Leisure Centres within Recreation and Culture Business Line.

Corporate Asset Management – Projected \$170,800 Surplus

An overall favourable variance is expected due to savings in electricity from energy performance measures and from staff working from home, as well as savings in facilities maintenance from reduced usage at civic facilities. These savings are partially offset from unfavourable variances in the water usage at spray pads due to structural budget issues and increased use of spray pads during the summer, due to the extremely hot weather.

Corporate Governance and Finance – Projected \$2.1 Million Deficit

Insurance premiums are expected to be \$500,000 over the budgeted amount. The rise in insurance costs is a global correction and is not specific to the City. An unfavourable variance exists from administrative recoveries from the water and wastewater utilities due to an excessive budgeted recovery amount to the general account of \$1.2 million. This correction affects 2021 but will also be impacted over the next few years as a phased approach to bringing into line with current recovery rates.

Costs related to equipping boardrooms for meetings that accommodate both at-home and in-the-office employee meetings are expected to be \$175,000 over budget. Additional unfavourable variances for staffing and overtime costs within the Corporate Support, Financial Services and Service Saskatoon service lines are partially offset in office supplies and training savings.

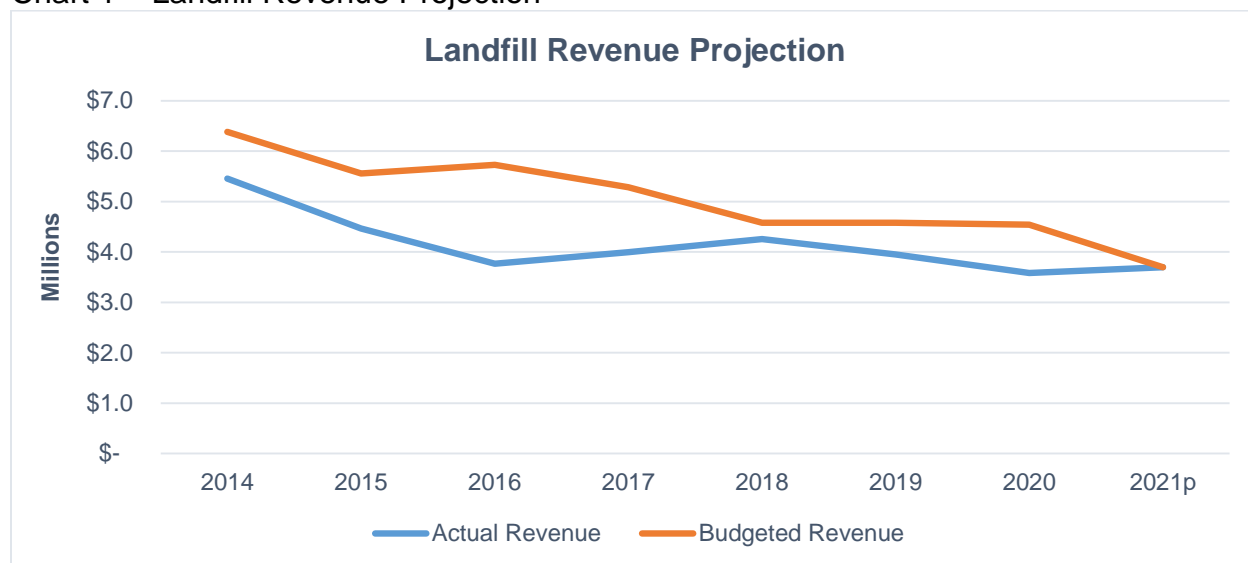
Environmental Health – Projected \$563,000 Deficit

Sustainability is projecting an unfavourable variance of \$147,900 due to the increased loan payments for the internal loan for the Energy Performance Contracting. This deficit is offset by savings within the Corporate Asset Management service line.

Waste Handling Services, which includes Landfill Operations, has traditionally been over budget due to reduction in tipping fee revenues. Over the past number of years due to increased regional competition, tonnages of waste received at the Landfill has

decreased, resulting in reduced tipping fee revenues. Prior budget adjustments have been made to reduce the budgeted revenue to align with actual revenues more closely, and it is expected that this service line will come in very close to budget with only a slight overage of \$26,500. Chart 1 shows the reduction in the budgeted revenue over time to meet actual revenues.

Chart 1 – Landfill Revenue Projection



Waste Reduction, which includes Waste Minimization and Compost Depots, is projecting an unfavourable variance of \$388,600 due to additional labour, maintenance costs, processing costs, signage and traffic control plans and environmental monitoring that are over the budgeted amounts.

Fire Services – Projected \$685,000 Deficit

Fire Services is projecting an unfavourable variance of \$685,000 due to Fire Fighter overtime required for support at the management level, higher apparatus maintenance, and two temporary EMO coordinators hired to address COVID-19 related situations. These overages are partially offset with savings in fire prevention due to staff vacancies.

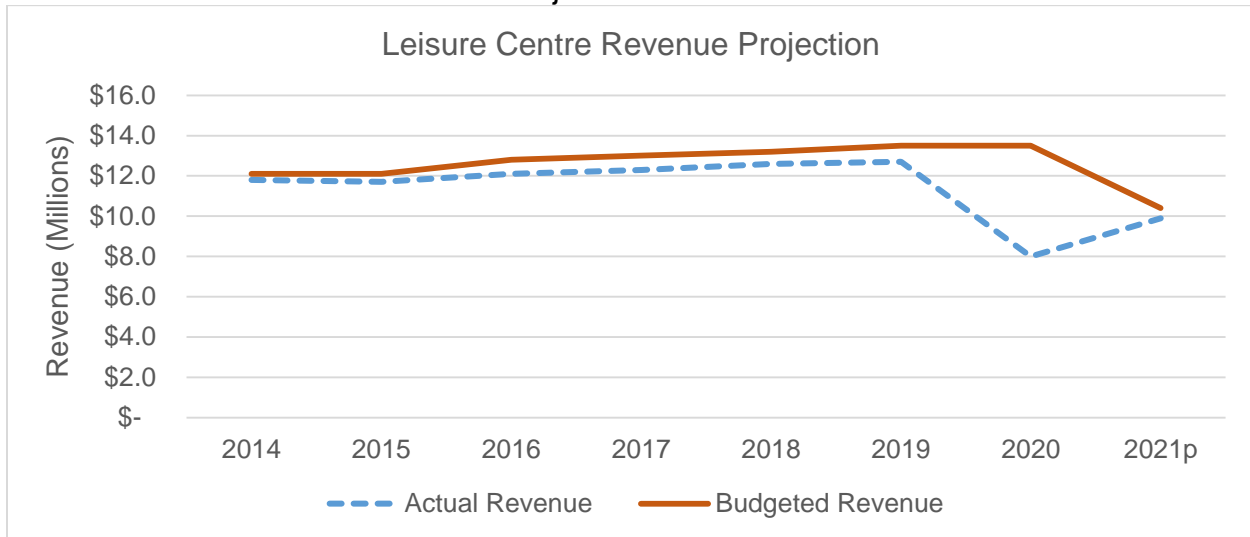
Recreation and Culture – Projected \$174,700 Deficit

The Leisure Centres budgets for 2021 were reduced due to COVID-19 related impacts on revenues at the Preliminary Corporate Business Plan and Budget Review on December 2 and 3, 2020. The budget reduction and these projections were done using a best estimate as to when full service of these programs will be achieved. It is expected that the revenues for leisure centres as well as Nutrien Playland, outdoor pools and indoor rinks will still be below budget. These unfavourable variances are

offset, in part, by higher revenue within River Landing and savings in Outdoor Sportsfields from the Clarence Downey skating oval building savings on operations as the commission of the building is expected to be in August.

Chart 2 show the impact of the COVID-19 related impacts on both the budgeted, actual and projected revenue.

Chart 2 – Leisure Centre Revenue Projection

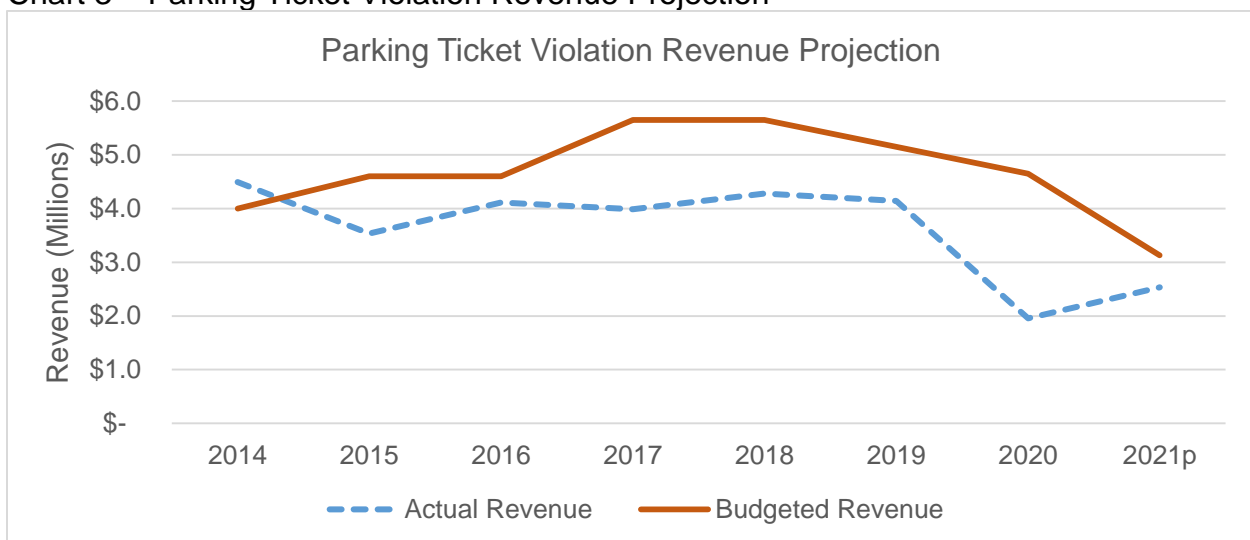


Taxation and General Revenue - Projected \$455,300 Deficit

The Fines and Penalties program is projecting a \$600,000 deficit, due to less than budgeted Parking Ticket Violation revenue. This budget was also reduced in 2021 due to COVID-19 related impacts but the projected amount remains below budget.

Chart 3 shows the ongoing budgetary issue of budgeted revenues being higher than actual revenue received for parking ticket violations. It also shows the COVID-19 impact to the actual revenues in 2020 and projected revenues in 2021.

Chart 3 – Parking Ticket Violation Revenue Projection

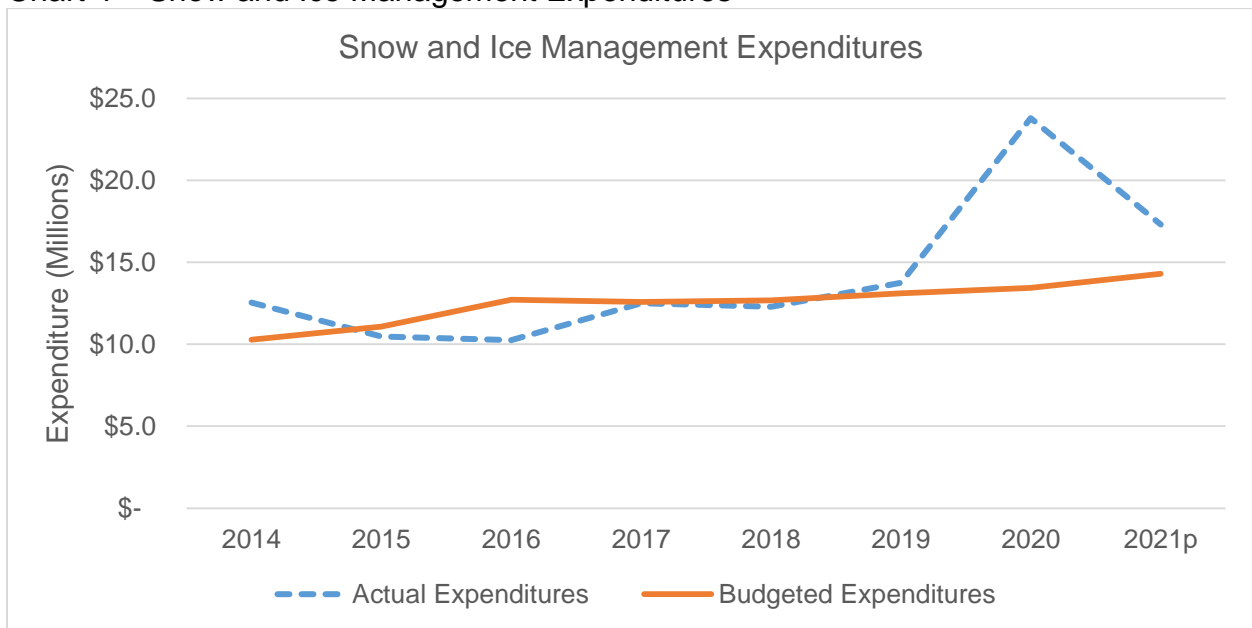


Municipal Revenue Sharing (MRS) revenue is received from the provincial government and is based on Provincial Sales Tax revenue. The amount that will be received in 2021 will be \$747,300 lower than budgeted. The unfavourable variances in the parking ticket violations and the MRS revenues are partially offset by higher-than-expected investment income of \$892,000.

Transportation – Projected \$3.8 Million Deficit

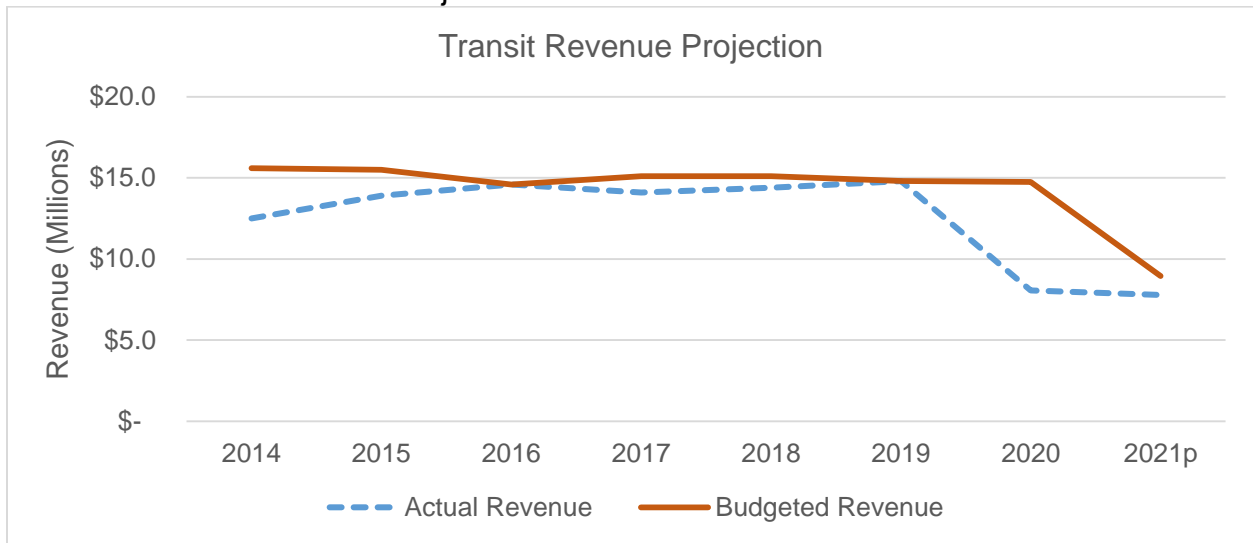
The cleanup of the November 7, 2020 major snow event continued into 2021. A \$3.0 million unfavourable variance is expected within the Snow and Ice Management service line due to these additional costs. Chart 4 shows the variability in a program that is weather dependant and the effect of the snow event in both 2020 and 2021.

Chart 4 – Snow and Ice Management Expenditures



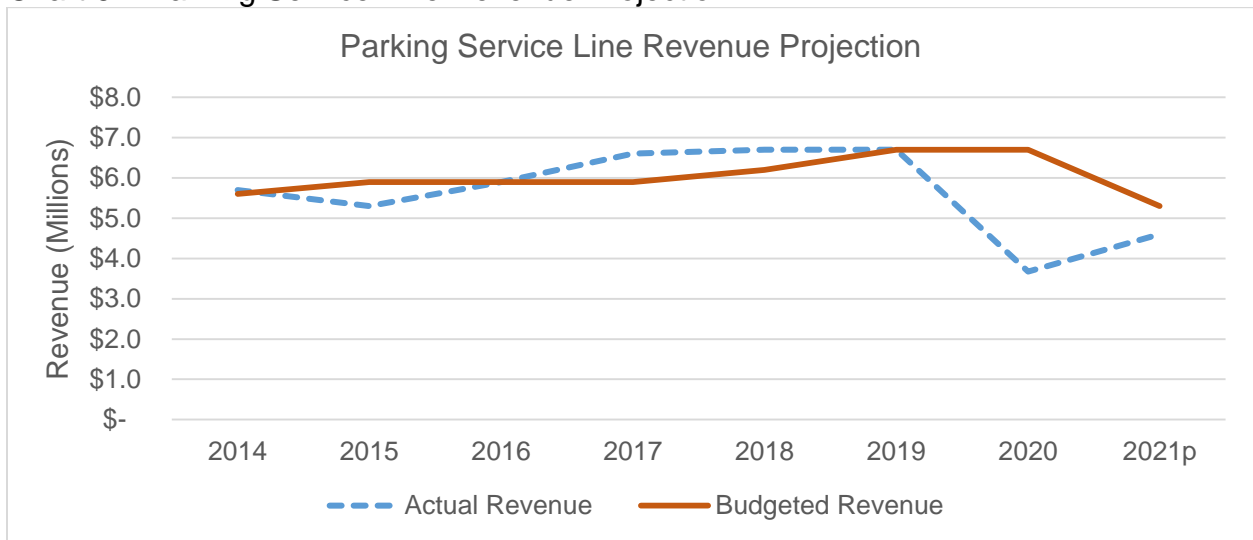
Saskatoon Transit budgeted revenues were reduced in the 2021 budget due to the impact from COVID-19, but the projected revenues remain lower than the revised budget by \$1.2 million due to lower ridership than expected. This is partially offset with saving in fuel and maintenance of \$750,000 for a net projected deficit of \$450,000. Chart 5 shows the impact of COVID-19 on Transit revenues.

Chart 5 – Transit Revenue Projection



Parking revenues are projecting a \$595,000 deficit due to the continued impact of COVID-19 such as residents continuing to work from home, and in some cases reduced business operations, in core business areas. Chart 6 shows the impact of COVID-19 on the parking revenues in both 2020 and 2021.

Chart 6 – Parking Service Line Revenue Projection



Favourable variances of \$224,000 within Access Transit due to fuel savings, impound lot due to additional revenue and savings expected in street lighting help to partially offset the unfavourable variance in the Transportation business line.

Urban Planning and Development – Projected \$76,000 Surplus

A favourable variance from a reduced transfer to the Streetscape reserve due to reduced parking revenue is offset by lower sign permit revenue and lower development permit application revenue for a net expected surplus of \$76,000.

Utilities – Projected \$4.3 Million Surplus (will be offset through transfers to reserves)

The majority of this surplus is in water and wastewater due to the water usage through the hot and dry weather. A surplus is also expected in waste services due to increased revenue in the leaves and grass subscriptions, savings in salaries due to implementing operational efficiencies in green bin collections, and savings in fuel and vehicles and equipment costs. These surpluses will be offset through transfers to reserves to support asset management.

Additional Savings or Expenditures

At the beginning of the COVID-19 pandemic in 2020, the Administration implemented spending and hiring restrictions in 2020 and those continue into 2021, it is anticipated that the overall deficit will be offset by \$2.0 million in savings in 2021 as shown in Table 1.

At its meeting on August 30, 2021, City Council resolved that the Administration observe the National Day for Truth and Reconciliation (September 30) for civic employees as a holiday beginning in 2021 to recognize and commemorate the legacy of residential schools. The estimated cost in that report for the direct costs was approximately \$405,400. This amount includes boards and corporations as well as utility-supported staffing costs. The direct mill rate impact of this decision is estimated to be approximately \$315,000 unfavourable variance which includes an adjustment to parking and ticket revenue that will not be collected due to the holiday. This amount is shown in Table 1 as an addition to the projected deficit.

Canada Community Building Funds (formerly Gas Tax) Contingency

At the April 26, 2021 City Council meeting, it was reported that the Canada Community Building Fund would provide a top-up to the annual amount and it was expected the City would receive approximately \$16.0 million in additional funding. At that meeting it was 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.”

Since that time, the Administration received information that the City will receive \$14.8 million in Canada Community Building Funds top-up funding. This means that \$3.7 million is held in contingency to offset the financial risk in the 2021 fiscal year. This amount is shown in Table 1 as partially offsetting the projected deficit.

Province of Saskatchewan Contingency

In 2021 the City 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 be held in contingency to offset the financial risk in the 2021 fiscal year. This amount is shown in Table 1 as partially offsetting the projected deficit.