

Utilities 2022/2023 Business Plan and Budget

ISSUE

City Council approval is required in order to set the Operating and Capital Business Plan and Budget for 2022 and 2023. The figures in this report are stated as 2022 and 2023 respectively, unless otherwise noted.

RECOMMENDATION

1. That the Utilities Business Line Operating Budget for 2022 totalling \$378,049,700 in expenditures and \$378,049,700 in revenues be approved, subject to adjustments under the Business Plan Options section of the agenda;
2. That the Utilities Business Line Operating Plan for 2023 totalling \$391,085,800 in expenditures and \$391,085,800 in revenues be approved, subject to adjustments under the Business Plan Options section of the agenda;
3. That the 2022 Capital Budget totalling \$107,062,000 be approved, subject to adjustments under the Business Plan Options section of the agenda;
4. That the 2023 Capital Plan totalling \$108,334,000 be approved, subject to adjustments under the Business Plan Options section of the agenda;
5. That the proposed 2022 and 2023 water and wastewater rate changes, as outlined in Appendix 1, and included in the 2022/2023 Preliminary Business Plan and Budget, be approved effective January 1 of each year;
6. That the 2022 and 2023 infrastructure rate change, as outlined in Appendix 1, be approved effective January 1 of each year;
7. That the City Solicitor be instructed to draft the appropriate amendments to Bylaw No. 7567, The Waterworks Bylaw, and Bylaw No. 9466, The Sewer Use Bylaw.

BACKGROUND

The 2022-2023 Preliminary Business Plan and Budget (Preliminary Budget) was released on November 24, 2021.

DISCUSSION/ANALYSIS

Utilities Business Line Operating Budget

The Preliminary Budget includes a total of \$378,049,700 and \$391,085,800 in expenditures for the Utilities Business Line. Increases of \$9,740,200 (2.6%) and \$13,036,100 (3.4%) are projected, mainly due to:

- Increases of \$3,309,900 and \$1,593,000 in Saskatoon Light & Power (SL&P) expenses. The largest portion of these are restoring costs that were removed from the 2021 budget due to COVID-19 and increased bulk power costs.

- Storm Water Management increases of \$2,038,900 and \$137,800, largely related to increased capital provisions in order to support the City of Saskatoon’s portion of shared municipal and federal funding for projects to help mitigate flooding in ten areas of the city.
- \$419,200 and \$5,280,000 increase in Waste Services, primarily attributed to \$5,886,700 in 2023 for new utility operating costs for the City-wide Curbside Organics program partially offset with the elimination of the Leaves and Grass subscription program costs of \$790,000.
- \$1,096,700 and \$2,360,800 increase within the Wastewater Utility, mainly due an increase in staffing and maintenance costs.
- \$2,875,500 and \$3,664,500 increase for the Water Utility mainly due to increased staffing and water plant security costs as well as adding back temporary reductions from 2021 due to COVID-19.

This business line also includes an increase in non-tax revenues of \$9,740,200 and \$13,036,100 in 2022 and 2023 respectively. These increases are equivalent to the increases in expenditures, as this Business Line does not rely on the property tax for funding support. These increases are largely related to restoring the revenue that was removed from the 2021 budget due to COVID-19, increased rates partially offset by reduced volumetric sales for SL&P, increased rates for Saskatoon Water, Wastewater, Storm, and the establishment of the City-wide Curbside Organics Utility program in 2023.

Utilities Business Line Capital Budget

The 2022 and 2023 Utilities Business Line includes \$107,062,000 and \$108,334,000 in funded capital projects. A summary of the proposed investments in each utility is shown below:

Utility	2022 Capital Investment	2023 Capital Investment
Saskatoon Light & Power	\$ 16,777,000	\$ 16,614,000
Storm Water Management	\$ 15,196,000	\$ 15,026,000
Wastewater Utility	\$ 33,925,000	\$ 24,697,000
Water Utility	\$ 41,164,000	\$ 51,997,000
Total	\$107,062,000	\$108,334,000

Fees and Rate Changes

Appendix 1 provides additional information for the Water, Wastewater and Infrastructure Rates for 2022 and 2023.

FINANCIAL IMPLICATIONS

The financial implications are included in this report.

OTHER IMPLICATIONS

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

NEXT STEPS

Upon approval of the Preliminary Budget, the Administration will finalize the Approved Business Plan and Budget to be released in 2022.

APPENDICES

1. Water Wastewater and Infrastructure Rates for 2022/23

REPORT APPROVAL

Written by: Jeff Knittig, Financial Analyst
Reviewed by: Kari Smith, Director of Finance
Approved by: Clae Hack, Chief Financial Officer

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