

# Preliminary 2022/2023 Budget and COVID-19 Financial Impact Update

## ISSUE

Since the June 2021 report to the Governance and Priorities Committee (Committee) on the proposed indicative rate, there have been adjustments and changes to the numbers which are reflected in the Preliminary 2022/2023 Multi-Year Business Plan and Budget (MYBB) document.

## BACKGROUND

At its June 21, 2021 meeting, when reviewing a report on Setting the 2022 and 2023 Indicative Budget, Committee resolved:

1. “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; and
2. That special Budget Review meetings be arranged for the Standing Policy Committee on 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. “

At its October 18, 2021 meeting, when considering a report in establishing a curbside organics and black cart garbage utility, Committee resolved in part:

1. “That the Governance and Priorities Committee recommend to City Council that the City of Saskatoon proceed with Option 2: A fixed monthly rate for the curbside organics utility with a January 2023 implementation, and a variable rate for black cart garbage utility with implementation in 2024;”

At its October 25, 2021 meeting, when considering a report on the Business Plan and Budget Operating and Capital Options, City Council resolved:

“That the following strategy be approved in principle for the use of Investing in Canada Program funds reallocated from Utility projects:

1. That \$23,868,300 be held in contingency to offset the COVID-19 financial risk in the 2022 and 2023 fiscal years; and
2. That \$6,963,400 be transferred to the Reserve for Capital Expenditures”

## CURRENT STATUS

The 2022/2023 MYBB document reflects the most recent information and estimates for the 2022 and 2023 years. These amounts have been revised and updated as further information was received or decisions of Committee and City Council were made.

After the production of the Preliminary MYBB document, Assessment Growth revenue has been refined further to \$3,874,500 for 2022. This change resulted in revised proposed property tax increases of 3.51% and 3.14% for 2022 and 2023 respectively.

### **DISCUSSION/ANALYSIS**

All numbers in this report will be shown as 2022 and 2023, respectively, unless otherwise stated.

#### Revision to Proposed Property Tax Rates

The indicative budget as presented at the June 21, 2021 Committee meeting was an estimate of the amounts required to maintain existing service levels. The proposed indicative rates from that report were 5.96% and 5.42%, which included phase-ins for Bus Rapid Transit, the Waste Handling Budget issues and implementation of a city-wide organics program. Since that report, the Administration has refined and updated those numbers based on decisions of Committee or City Council as well as updating the numbers for more current information. These updated numbers **are included** within the MYBB document.

Some of the major changes since the indicative budget proposed in June 2021 that are included in the MYBB document are:

- Removal of the Bus Rapid Transit Phase-in of \$687,000 and \$95,000;
- The Saskatoon Police operating budget was estimated as a budget impact of \$4,665,500 and \$4,836,300. This has been revised to \$4,008,000 and \$4,745,000, as approved at the Saskatoon Board of Police Commissioners meeting on November 3, 2021, resulting in a reduction of \$657,500 and \$91,300 from the indicative budget;
- The change to implement a curbside organics utility as at January 2023 and a black cart garbage utility as of 2024 resulted in a reduction of \$2,345,100 and \$4,402,900 from the indicative rate report; and
- An increase in Assessment Growth revenue amounts in 2022 from an estimated \$1,289,200 revenue increase to \$3,522,400. The 2023 amount for increased revenue of \$3,451,000 remains the same as previously reported.

These adjustments, as well as numerous other smaller adjustments, are reflected in the MYBB document and result in proposed property tax increases of 3.64% and 3.14% as shown in the MYBB document and in the Preliminary 2022/2023 Budget at a Glance.

After the production of the Preliminary MYBB document, Assessment Growth revenue has been refined further to \$3,874,500. This change resulted in revised proposed property tax increases of 3.51% and 3.14%. It is important to note that these new proposed property tax rates and the investments within the Preliminary MYBB document are the starting point for City Council to debate, adjust and finalize the 2022/2023 budget at this meeting.

Revision to Estimated COVID-19 Financial Impact for 2022/2023

At the June 21, 2021 Committee meeting it was reported that the COVID-19 financial impact for 2022 and 2023 would be \$16,825,600 and \$10,022,400, that these amounts were not included in the proposed indicative rate and these amounts would require one-time funding. Since that report, there have been some adjustments to that number most notably, a change in the Municipal Revenue Sharing (MRS) revenue expected in 2022. It was estimated that a decrease of MRS from the 2021 revenue in the amount of \$6,043,100 would be expected in 2022; however, the revised decrease is expected to be \$3,122,700 resulting in a total COVID-19 impact of \$13,845,900 in 2022. The impact of \$10,022,400 in 2023 remains the same.

An amount of \$23,868,300 in reallocated Investing in Canada Program funding is being held in contingency to cover these items if future government funding is not received. The COVID-19 impacts and the contingency amount are reflected in the MYBB document for a \$0 net impact to the property taxes.

Ongoing COVID-19 Financial Impact Beyond 2023

Many of the COVID-19 items within the 2023 budget will be reversed in the 2024 budget however it is expected that impacts due to COVID-19 will be ongoing for ridership and revenue for Saskatoon Transit and cleaning protocol expenditures at City Facilities.

- Currently it is expected that increased cleaning protocols and availability of personal, protective equipment in the amount of approximately \$1,000,000 including staff time and supplies may still be required in 2024.
- Saskatoon Transit is assuming an increase in returning ridership of approximately 10% per year. The Administration is estimating that it will take until 2027-2028 before revenues will return to pre-pandemic levels of \$14,800,000.

**FINANCIAL IMPLICATIONS**

The financial implications are included within the report.

**OTHER IMPLICATIONS**

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

**NEXT STEPS**

City Council will review and debate the MYBB and determine the final property tax rate.

**REPORT APPROVAL**

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