

# Reduced Reserve Contributions

# Appendix 2

Reserve Name	Business Line	2022			2023			Comments on Capital Program/Business Impact
		Transfer	0.5% reduction	Mill Rate Impact	Transfer	0.5% reduction	Mill Rate Impact	
Paved Roadways Infra	Transportation	33,306,400	(166,500)	(166,500)	34,635,000	(173,200)	(173,200)	In 2022, this reserve received no growth or inflation increases, any further reduction in 2022 and 2023 would cause trending to a 1:25 year life cycle from the 1:20 year life cycle. Roads will start to see increased deterioration and expected increased complaints and concerns from residents, increased vehicle damage claims, more potholes, rougher roads, etc.
Infra Replacement - W & S	Utilities	30,306,000	(151,500)	-	31,427,000	(157,100)	-	The long term impact of reducing the contribution to this reserve is that future rates may need to increase to compensate to support the capital requirements. As a Utility, a transfer to the mill rate equivalent to the reduced contribution could be achieved through an increase to ROI, above the current practice calculated at 10% of water revenues.
Waterworks Capital Projects	Utilities	19,243,800	(96,200)	-	19,197,400	(96,000)	-	The long term impact of reducing the contribution to this reserve is that future rates may need to increase to support the capital plan and ensure long term stability of the Reserve. As a Utility, a transfer to the mill rate equivalent to the reduced contribution could be achieved through an increase to ROI, above the current practice calculated at 10% of water revenues.
Wastewater Treatment Capital	Utilities	15,763,100	(78,800)	-	15,442,270	(77,200)	-	The long term impact of reducing the contribution to this reserve is that future rates may need to increase to support the capital plan and ensure long term stability of the Reserve. As a Utility, a transfer to the mill rate equivalent to the reduced contribution could be achieved through an increase to ROI, above the current practice calculated at 10% of wastewater revenues.
Infra Replacement - Storm	Utilities	9,607,600	(48,000)	-	9,648,900	(48,200)	-	The long term impact of reducing the contribution to this reserve is that future rates may need to increase to support the capital plan. As a Utility, a transfer to the mill rate equivalent to the reduced contribution could be achieved through a ROI. Storm Water Management does not currently provide the City with an ROI.
Civic Bldgs Comp Mtnc	Corporate Asset Management	9,480,000	(47,400)	(47,400)	9,668,000	(48,300)	(48,300)	The long term impact of reducing the contribution to this reserve is that the asset management funding has been historically underfunded and will continue to be with reduced funding.
Civic Vehicles & Equip Replacement	Corporate Asset Management	6,719,500	(33,600)	(33,600)	6,719,500	(33,600)	(33,600)	A reduction to the Fleet Replacement Reserve would have a direct impact on the approved asset management plan estimated service life of vehicles. Fewer vehicles would be purchased thus causing a deterioration in conditions of equipment and availability of reliable equipment for operational program delivery.
Saskatoon Light & Power Extension	Utilities	6,344,300	(31,700)	-	7,075,900	(35,400)	-	SL&P is currently well below its needed funding levels for it asset management and the expectation is that this will continue as sales volumes continue to decline. SL&P has not implemented a rate increase, other than for the revenue neutral Carbon Charge, since 2018 and rates increases are not forecasted to be at the levels seen in the past. As a Utility, a transfer to the mill rate equivalent to the reduced contribution could be achieved through an increase to ROI.
Saskatoon Light & Power Replacement	Utilities	6,259,300	(31,300)	-	6,740,500	(33,700)	-	SL&P is currently well below its desired asset management funding levels and the expectation is that this will continue as sales volumes continue to decline. SL&P has not implemented a rate increase, other than for the revenue neutral Carbon Charge, since 2018 and rates increases are not forecasted to be at the levels we have seen in the past. As a Utility, a transfer to the mill rate equivalent to the reduced contribution could be achieved through an increase to ROI.
Landfill Replacement	Environmental Health	5,266,700	(26,300)	(26,300)	3,586,600	(17,900)	(17,900)	The long term impact of reducing the contribution to this reserve is that future rates such as tipping fees may need to increase to support the capital plan and ensure long term stability of the Reserve.
Bridge Major Repairs	Transportation	4,241,000	(21,200)	(21,200)	4,241,000	(21,200)	(21,200)	A reduction to the Bridge Reserve would have an impact on the approved 10-year asset management plan for current required repairs (without any additional one-time funding) causing accelerated deterioration of bridge and overpass structures. Reduced preventative maintenance would also lead to more costly repairs earlier in the life cycle, and could also increase risk to safety, more and longer bridge closures for repairs when required.
Transportation Infrastructure	Transportation	3,685,000	(18,400)	(18,400)	3,685,000	(18,400)	(18,400)	A reduction to the Transportation Infrastructure Reserve could lead to increased complaints from residents on conditions of lanes, responses to drainage concerns, sidewalk condition, and safety concerns with reduction in pavement marking frequency, repairs and maintenance to guardrails, and increased response times to traffic signal repairs/new installations, and maintenance, repair and installation of new signing.
Corporate Capital	Corporate Governance and Finance	2,389,400	(11,900)	(11,900)	2,055,700	(10,300)	(10,300)	The long term impact of reducing the contribution to this reserve is that future projects, where there is no other identified funding source, may not be able to begin.
Infra Expansion - Transp	Transportation	2,103,000	(10,500)	(10,500)	2,176,000	(10,900)	(10,900)	Reductions in 2022 and 2023 would have an impact on the transportation network by not keeping up with existing infrastructure replacements impacting active transportation implementations, neighbourhood traffic reviews, traffic control systems and transportation planning and safety which would increase citizens complaints and directly impact their ability to move around.
Water Supply Replacement	Utilities	2,066,512	(10,300)	-	2,302,130	(11,500)	-	The long term impact of reducing the contribution to this reserve is that future rates may need to increase to support the capital plan and ensure long term stability of the Reserve. As a Utility, a transfer to the mill rate equivalent to the reduced contribution could be achieved through an increase to ROI, above the current practice calculated at 10% of water revenues.
Infra Replacement - Parks	Recreation and Culture	1,945,300	(9,700)	(9,700)	1,984,900	(9,900)	(9,900)	The Building Better Parks Asset Management Plan recommended an increase of \$800,000 per year as the reserve does not have sufficient funding to maintain parks at the approved level. A decrease to the reserve would increase the funding gap, extending park infrastructure renewal periods and over time limit the ability to improve asset condition.
Wastewater Coll & Treat Replacement	Utilities	1,813,914	(9,100)	-	1,944,492	(9,700)	-	The long term impact of reducing the contribution to this reserve is that future rates may need to increase to support the capital plan and ensure long term stability of the Reserve. As a Utility, a transfer to the mill rate equivalent to the reduced contribution could be achieved through an increase to ROI, above the current practice calculated at 10% of wastewater revenues.
Streetscape - BID	Urban Planning and Development	1,428,700	(7,100)	(7,100)	1,887,300	(9,400)	(9,400)	A reduction to this reserve would not be consistent with the allocation of parking revenues outlined in the new formula. The Streetscape BID capital program would be reduced.

(\$000's)		2022			2023			
Reserve Name	Business Line	Transfer	0.5% reduction	Mill Rate Impact	Transfer	0.5% reduction	Mill Rate Impact	Comments on Capital Program/Business Impact
Transit Vehicles Replacement	Transportation	1,357,200	(6,800)	(6,800)	1,384,400	(6,900)	(6,900)	This reserve is currently underfunded in order to meet the Saskatoon Transit Fleet Renewal Strategy and requires a minimum of a \$9,000,000 annual contribution in order to replace required assets in accordance with industry best practices.
Transit Capital Projects	Transportation	1,163,700	(5,800)	(5,800)	1,187,000	(5,900)	(5,900)	This reserve funds the required maintenance on engine overhauls, bus seat replacements, transit shelters and required technology plans to ensure Saskatoon Transit continues to operate as efficiently as possible. A reduction to this reserve may impact citizens experience by not maintaining the assets to an acceptable level over time.
Fire Apparatus	Saskatoon Fire	1,076,900	(5,400)	(5,400)	1,151,900	(5,800)	(5,800)	This reserve is currently underfunded due to the rising cost of new apparatus; \$75,000 is added each year to this reserve in order to have sufficient funds in place to replace apparatus when needed. A reduction would increase the funding gap.
Traffic Safety	Transportation	1,050,000	(5,300)	(5,300)	1,050,000	(5,300)	(5,300)	The Traffic Safety Reserve is required for neighbourhood traffic management, transportation safety and control systems. A reduction in this reserve may have an impact on not being able to address citizens concerns over traffic safety in a timely manner.
Computer Equipment Replacement	Corporate Support	711,300	(3,600)	(3,600)	521,300	(2,600)	(2,600)	The Computer Replacement Reserve is not projected to have sufficient funding to absorb a reduction in contributions. A reduction in allocations to Capital projects would be required for the Reserve to remain sufficient.
Active Transportation	Transportation	575,000	(2,900)	(2,900)	575,000	(2,900)	(2,900)	The Active Transportation Reserve funds such programs as accessible pedestrian signal program, cycling network improvements and other active transportation initiatives. There are combined unfunded capital expenditure options of over \$9,000,000 presented in the 2022/2023 Multi-Year Business Plan and Budget package.
Auto Garbage Container Replacement	Environmental Health	566,700	(2,800)	(2,800)	921,400	(4,600)	(4,600)	The long term impact of reducing the contribution to this reserve is that future rates for garbage as a utility may need to increase to support the capital plan.
Trunked Radio System Infrs Replacement	Corporate Asset Management	550,000	(2,800)	(2,800)	550,000	(2,800)	(2,800)	The Trunked Radio System Infrastructure Replacement Reserve is not projected to have sufficient funding to absorb a reduction in contributions. A reduction in allocations to Capital projects would be required for the Reserve to remain sufficient.
Leisure Serv Equip Replacement	Recreation and Culture	492,668	(2,500)	(2,500)	492,668	(2,500)	(2,500)	Timing of the Replacement of Leisure Centre Equipment and Zambonis could be negatively impacted and could reduce service delivery if equipment is deficient.
Grounds Maintenance Equip Replacement	Corporate Asset Management	448,700	(2,200)	(2,200)	448,700	(2,200)	(2,200)	This reserve funds the required replacements of parks equipment. A reduction in this reserve may impact the currently approved service level of maintaining parks if the necessary equipment is not available.
Fire - Small Equipment Replacement	Saskatoon Fire	407,000	(2,000)	(2,000)	478,600	(2,400)	(2,400)	This reserve is currently underfunded due to the rising cost of radios; an additional \$50,000 is needed each year in order to have sufficient funds in place to replace radios and equipment when needed. A reduction would increase the funding gap.
Waste Minimization	Environmental Health	400,000	(2,000)	(2,000)	700,000	(3,500)	(3,500)	A 0.5% reduction to this reserve equates to a very small dollar impact. As such it will have a minimal impact on capital programming, however it will also have a minimal impact on the Property Tax estimates for 2022/2023.
Parking Capital Reserve	Transportation	375,000	(1,900)	(950)	375,000	(1,900)	(950)	Mill Rate savings would be 50% as 50% would flow through to the Streetscape BID Reserve based on the Parking Revenue Allocation Formula.
Facilities Site Replacement	Corporate Asset Management	341,000	(1,700)	(1,700)	341,000	(1,700)	(1,700)	The Facility Site Replacement Reserve is not projected to have sufficient funding to absorb a reduction in contributions. A reduction in allocations to Capital projects would be required for the Reserve to remain sufficient.
Traffic Noise Attenuation	Transportation	312,000	(1,600)	(1,600)	312,000	(1,600)	(1,600)	This reserve contribution is currently required to repay the borrowing which occurred for the sound attenuation walls.
Access Transit Capital	Transportation	302,100	(1,500)	(1,500)	308,300	(1,500)	(1,500)	This reserve is currently underfunded in order to meet the Saskatoon Transit Fleet Renewal Strategy and requires a minimum of a \$850,000 annual contribution in order to replace 5 annual required assets.
Building Permit/Inspection Stab	Urban Planning and Development	262,200	(1,300)	-	601,800	(3,000)	-	This is a stabilization reserve; no mill rate impact.
Dedicated Roadways	Transportation	250,000	(1,300)	-	250,000	(1,300)	-	This reserve is funded from the sale of existing rights-of-way and would have no mill rate impact.
Fire Uniforms	Saskatoon Fire	254,200	(1,300)	(1,300)	260,200	(1,300)	(1,300)	This reserve funds the Fire Uniform capital project. May have slight reduction in ability to replace uniforms as needed.
Park Enhancement	Recreation and Culture	264,600	(1,300)	(1,300)	264,600	(1,300)	(1,300)	The ability to fund sport field upgrades and other park enhancements would be impacted.
Parks (Grounds Maint) Equip Acq	Recreation and Culture	260,600	(1,300)	(1,300)	260,600	(1,300)	(1,300)	The purchase of new equipment to maintain new park space could be delayed.
Snow & Ice Mgmt Equip	Transportation	265,000	(1,300)	(1,300)	265,000	(1,300)	(1,300)	This reserve is required for new equipment purchases in order for the city to keep up with the expanding network in order to deliver on required snow management.
Transit Additional Veh Replacement	Transportation	259,700	(1,300)	(1,300)	264,900	(1,300)	(1,300)	This reserve is currently underfunded in order to meet the Saskatoon Transit Fleet Renewal Strategy and required growth of the network. One additional diesel bus is a minimum of \$660,000 and an electric bus is approximately \$1,200,000.
Golf Course Capital	Recreation and Culture	213,400	(1,100)	-	256,900	(1,300)	-	Timing of the replacement of golf course equipment and capital projects could be negatively impacted. Impacts service delivery if equipment is deficient. Stabilization reserve capped so any operational surpluses go to capital. No mill rate impact.
Environmental Sustainability	Environmental Health	250,000	(1,300)	(1,300)	250,000	(1,300)	(1,300)	The Environmental Sustainability Reserve is not projected to have sufficient funding to absorb a reduction in contributions. A reduction in allocations to Capital projects would be required for the Reserve to remain sufficient.
Parks & Rec Partnership	Recreation and Culture	225,000	(1,100)	(1,100)	225,000	(1,100)	(1,100)	The Game Plan recommended a phase in of \$250,000 per year until this reserve is fully funded. Funding level is currently insufficient to fund the recommended projects. May not have sufficient funds to contribute to partnership projects.
Civic Radio replace & Expansion	Corporate Asset Management	191,200	(1,000)	(1,000)	191,200	(1,000)	(1,000)	The Civic Radio Replacement & Expansion Reserve is not projected to have sufficient funding to absorb a reduction in contributions. A reduction in allocations to Capital projects would be required for the Reserve to remain sufficient.
IT Systems Development	Corporate Governance and Finance	175,000	(900)	(900)	490,000	(2,500)	(2,500)	The IT Systems Development Reserve is not projected to have sufficient funding to absorb a reduction in contributions. A reduction in allocations to Capital projects would be required for the Reserve to remain sufficient.

(\$000's)	Reserve Name	Business Line	2022			2023			Comments on Capital Program/Business Impact
			Transfer	0.5% reduction	Mill Rate Impact	Transfer	0.5% reduction	Mill Rate Impact	
	Forestry Farm Park & Zoo Capital	Recreation and Culture	167,000	(800)	(800)	167,000	(800)	(800)	A reduction to this reserve would have a small impact on the timing for future Forestry Farm Park & Zoo Capital projects.
	Urban Forest & Pest Mgmt Capital	Environmental Health	150,000	(800)	(800)	150,000	(800)	(800)	This reserve is insufficient and requires an additional \$250,000 per year to reach a funding level of \$1.0 Million per year. Ability to respond to infestations and diseases of the urban forest may be impacted, increasing the risk of it spreading through the urban forest, parks and open spaces.
	Transportation Equip Acquisition	Transportation	128,500	(600)	(600)	103,500	(500)	(500)	This reserve is required for new equipment purchases in order for the city to keep up with the expanding network in order to deliver on required traffic management systems such as pavement markings and traffic management maintenance.
	River Landing Capital	Recreation and Culture	96,400	(500)	-	96,400	(500)	-	River Landing is intended to be self financing. A reduction in the reserve contribution would reduce the RCE draw needed to balance the cost centre, therefore having no mill rate impact. Ability to replace assets when needed will be reduced.
	Forestry Farm Development	Recreation and Culture	57,400	(300)	(300)	57,400	(300)	(300)	Reserve is funded from 60% net vehicle charges at the main gate of the FFP&Z; reduction would impact program improvements.
	Heritage Fund	Community Support	51,200	(300)	(300)	52,400	(300)	(300)	This reserve is insufficient and there is a request for additional funds through the operating budget options (\$50K per year increase). A reduction would further impact the ability to provide grants and incentives.
	IT Digital Data Res	Corporate Governance and Finance	55,000	(300)	(300)	55,000	(300)	(300)	A 0.5% reduction to this reserve equates to a very small dollar impact. As such it will have a minimal impact on capital programming, however it will also have a minimal impact on the Property Tax estimates for 2022/2023.
	Unified Communications	Corporate Asset Management	50,000	(300)	(300)	50,000	(300)	(300)	A 0.5% reduction to this reserve equates to a very small dollar impact. As such it will have a minimal impact on capital programming, however it will also have a minimal impact on the Property Tax estimates for 2022/2023.
	Animal Services	Community Support	30,000	(200)	(200)	45,000	(200)	(200)	This reserve is not sufficient to address new dog park development or improvements to existing dog parks. A reduction would further slow the development of dog parks and amenities.
	Campsite	Recreation and Culture	45,600	(200)	-	38,600	(200)	-	This is a stabilization reserve; no mill rate impact.
	Printing and Mail Equipment Replacement	Corporate Governance and Finance	23,100	(100)	(100)	23,100	(100)	(100)	A 0.5% reduction to this reserve equates to a very small dollar impact. As such it will have a minimal impact on capital programming, however it will also have a minimal impact on the Property Tax estimates for 2022/2023.
	Public Works Bldgs Civic Facilities	Corporate Asset Management	21,000	(100)	(100)	21,000	(100)	(100)	This reserve funds required maintenance at civic operations yards. There is an unfunded capital expenditure option of \$1,600,000 presented in the 2022/2023 Multi-Year Business Plan and Budget package
	Street Clean/Sweep Equip Acq'u'n	Transportation	26,900	(100)	(100)	26,900	(100)	(100)	This reserve is required for new equipment purchases in order for the city to keep up with the expanding network in order to deliver on the required sweeping program.
	Forestry Farm Auditorium	Recreation and Culture	6,700	-	-	6,700	-	-	This reserve is funded through a portion of auditorium rentals and is used to fund auditorium improvements.
	<b>Subtotal</b>		<b>175,878,494</b>	<b>(879,400)</b>	<b>(417,150)</b>	<b>179,688,060</b>	<b>(898,500)</b>	<b>(422,450)</b>	