

2023 Business Plan and Budget Pressures and Opportunities

ISSUE

This report provides an update on financial pressures and opportunities that the Administration has identified in preparation for Council's consideration of the 2023 Business Plan and Budget. At this point the information is simply being presented, and further recommendations will be included in the budget package when it becomes public in November.

BACKGROUND

At its November 29, 2021, [2022/23 Preliminary Business Plan and Budget meeting](#), City Council approved the 2023 Operating and Capital Plans which resulted in a proposed property tax increase of 3.53% for 2023. The details of the previously approved 2023 Operating Plan can be found in the [2022-2023 Approved Detailed Operating](#) document. Additionally, the approved 2023 Capital Plan can be found in the [Approved Capital Budget Project](#) documents.

At its [August 15, 2022 meeting](#), the Standing Policy Committee on Finance approved the appointment of Deloitte LLP as the City's external auditor.

At its [August 29, 2022 meeting](#), City Council resolved:

“That Option 3 – Inclusion of a Phased-In Transit and other Step Growth amounts be included within the Indicative Budget in each Budget Year.”

At its [September 26, 2022 meeting](#), when deliberating the Discover Saskatoon Contract, City Council resolved in part:

“2. That the increased operating budget cost beyond what has already been approved of \$15,100 be referred to 2023 budget deliberations with the recommendation that it be added to the 2023 budget;”

At its [October 3, 2022 meeting](#), when deliberating the 2023 Waste Reserve Structure and Curbside Organics Program Transition Funding Strategy, the Standing Policy Committee on Environment, Utilities and Corporate Services recommended to City Council in part:

“2. That the transition funding strategy, as outlined in this report, be included in the 2023 Business Plan and Budget Deliberations submission.”

CURRENT STATUS

The assumptions used to create the 2023 Business Plan and Budget (2023 Plan) were based on Administration's estimate of revenues and expenditures including the recovery of lost revenues from the COVID-19 pandemic. There have been some significant changes to the assumptions and estimates that Administration used to produce the original 2023 Plan.

DISCUSSION/ANALYSIS

Administration has reviewed the 2023 Plan as presented in November 2021, which included assumptions for many expenditures and revenues using the best information available at that time. Since then, many changes have occurred that will impact the 2023 budget and are summarized in Table 1 for mill rate programs. Further details can be found in Appendix 1.

Table 1 – 2023 Mill Rate Budget Pressures and Opportunities

Description	Amount (in millions)
Revenues	
Additional Municipal Revenue Sharing	\$(6.65)
Additional Investment Revenue	(2.03)
Additional Grants in Lieu	(1.11)
Additional Franchise Fees	(0.75)
Additional Saskatoon Transit Revenue	(0.39)
Additional Police Funding	(1.02)
Reduced Parking Ticket Revenue	0.60
Reduced Parking Revenue	0.60
Reduced Property Tax Assessment Growth	2.34
Reduced Leisure Centre Revenue	1.07
TOTAL REVENUE CHANGE	\$(7.34)
Expenditures	
Increased Fuel Expenditure (including Police)	\$4.11
Increased Street Lighting Expenditures	0.32
Inflationary Impacts	2.40
Increased Natural Gas Expenditure (including Police)	1.52
Reduced Transfer to Streetscape Reserve	(0.30)
Reduced 1/2 of the Step Phase-In for Aspen Ridge Transit Service	(0.08)
SPCA Pound Services	0.17
Previously Approved Items (Discover Saskatoon \$15,100; Audit \$61,000)	0.08
Additional Police Expenditures (Excluding Fuel and Natural Gas)	1.38
TOTAL EXPENDITURE CHANGE	\$ 9.60
INCREASE IN BUDGET	\$ 2.26

An increase to the budget of \$2.26 million equates to an additional property tax rate increase of 0.81%. If further mitigating steps are not taken for 2023, the proposed 2023 property tax rate would increase from 3.53% to 4.34%. Administration is currently exploring options for possible budget reductions and will present those options to City Council at the November 28, 2022 meeting.

The Utility programs will require adjustments to revenues and expenditures; however, each utility will balance to \$0 through transfers to or from Utility reserves with no impact on the previously approved rates for 2023. Further details will be presented at the November 28, 2022 meeting.

FINANCIAL IMPLICATIONS

The financial implications are presented in this report and will be detailed at the November 28, 2022, Business Plan and Budget meeting. Some of the numbers in Tables 1 may change as more information becomes available. Any changes to these numbers will be detailed at the November meeting.

OTHER IMPLICATIONS

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

NEXT STEPS

Administration will continue work on cost reductions for 2023 and will present the recommended changes to the 2023 Preliminarily Approved Business Plan and Budget to be deliberated by City Council on November 28, 2022. At this meeting, Administration will present options for operating budget reductions for City Council to consider. In addition to the operating adjustments, capital project adjustments will also be presented for deliberation.

APPENDICES

1. 2023 Proposed Budget Adjustments

REPORT APPROVAL

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