

## 2023 Business Plan and Budget Proposed Adjustments

### ISSUE

City Council Policy No. C03-036, Multi-Year Business Plan and Budget Policy, outlines the requirements for the multi-year budget. When a two-year budget is considered by City Council, they debate both years' budgets, and approve the package knowing that for the second year, any significant changes, as allowed within the policy, are to be brought forward to City Council's Business Plan and Budget Reviews, as part of a Proposed Adjustments document, for consideration.

### RECOMMENDATION

1. That the 2023 Operating Plan approved by City Council on November 29, 2021, be amended to include \$2,286,500 in adjustments to revenue and expenditures as shown in Table 3 and the Property Tax Levy be increased by \$2,286,500;
2. That the 2023 Operating Plan, as amended, be approved as the 2023 Operating Budget;
3. That the 2023 Capital Plan approved by City Council on November 29, 2021, be amended to include an increase of \$37,396,000 to capital budgets as shown in Table 5;
4. That the 2023 Capital Plan, as amended, be approved as the 2023 Capital Budget;
5. That the Curbside Organics Program fee per roll-out cart per month be set at \$6.73 in 2023; and
6. That the City Solicitor be instructed to amend Bylaw 9844, The Waste Bylaw, 2022, to include the organics rate listed within Appendix 3 of this report.

### BACKGROUND

At its [October 25, 2021](#), meeting, City Council resolved:

“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.”

The original approved 2022/2023 Multi-Year Business Plan and Budget document will not be updated based on changes made in subsequent years. Instead, it will be supplemented with the City Council-Approved Adjustments document, which will provide an overview of adjustments to the property tax, operating expenditures, operating revenues and capital projects.

## 2023 Business Plan and Budget Proposed Adjustments

At its 2022/2023 Multi-Year Preliminary Corporate Business Plan and Budget meeting on November 29, 2021, City Council approved the 2023 operating plan as summarized in Table 1, resulting in a 3.53% property tax increase for 2023.

Table 1 – Previously Approved 2023 Operating Plan

Business Line	2023 Original Revenue	2023 Original Expense	Total Original Plan
Arts, Culture and Events Venues	0	9,571,400	9,571,400
Community Support	(2,797,700)	21,377,500	18,579,800
Corporate Asset Management	(998,000)	15,214,300	14,216,300
Corporate Governance and Finance	(9,348,000)	80,009,000	70,661,000
Environmental Health	(7,782,300)	25,402,800	17,620,500
Land Development	(7,070,600)	7,070,600	0
Recreation and Culture	(26,318,800)	61,533,600	35,214,800
Saskatoon Fire	(1,269,900)	57,513,800	56,243,900
Saskatoon Police Service	(11,656,400)	124,620,500	112,964,100
Taxation and General Revenues	(484,685,800)	5,847,600	(478,838,200)
Transportation	(20,826,800)	156,560,400	135,733,600
Urban Planning and Development	(10,575,300)	18,608,100	8,032,800
Utilities	(391,085,800)	391,085,800	0
<b>TOTAL</b>	<b>(974,415,400)</b>	<b>974,415,400</b>	<b>0</b>

The full details of the prior approvals can be found in the [Approved 2022/2023 Detailed Operating and Capital Budget](#) with [Capital Project Details](#).

At its [March 21, 2022](#) meeting, the Governance and Priorities Committee (GPC) resolved:

“That Administration be directed to take the appropriate steps to implement Option 2 by maximizing the Administrative operating options to realize the \$7 million in global reductions/targeted savings and utilizing year-end options to mitigate the reliance on the Fiscal Stabilization Reserve.”

The March 21, 2022 report stated there was approximately \$7.0 million of global reductions or targeted savings within the 2022 approved budget which are detailed below in Table 2.

Table 2 – Global Reductions

Global Reduction (in millions)	2022	2023
Staff Vacancies	1.30	1.30
Supply Chain Savings	0.51	0.51
Global Reduction from 2021 Budget Deliberations	2.56	1.28
Global Reduction from 2022 Budget Deliberations	2.60	2.60
<b>Total Global Reductions</b>	<b>\$6.97</b>	<b>5.69</b>

These global reductions are operating savings the City must find throughout 2022 and 2023 with such measures as deferring hiring, eliminating travel or training, and one-time transfers.

At its [October 24, 2022](#) meeting GPC received an information report from Administration outlining possible amendments to the 2023 Operating Plan. At this meeting, a total increase of \$2.26 million was presented. This would equate to an additional property tax increase of 0.81%.

At its [October 31, 2022](#) meeting, while deliberating the 2023 Waste Reserve Structure and Curbside Organics Program Transition Funding Strategy report, City Council resolved in part:

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

At its [November 7, 2022](#) meeting, the Standing Policy Committee on Transportation received a report on Administration Response - Auditor’s Report on Service Disruptions in Saskatoon Transit. Within the report it was stated:

“After capturing all available efficiencies, funding opportunities and FTE’s in the 2023 Transit budget, Administration has identified the following funding and FTE shortfalls that will be brought forward to the 2023 budget deliberations:

1. Two Mechanical Shop Supervisor positions;
2. One Maintenance Planning and Scheduling Coordinator position; and,
3. One Performance Improvement Coordinator position.”

Since the November 7, 2022 report was written it was determined there is a need for one Fleet Maintenance Superintendent and one Mechanical Shop Supervisor instead of two Mechanical Shop Supervisors.

### **DISCUSSION/ANALYSIS**

Since the October 24, 2022, GPC meeting, Administration has made two changes to the information presented as follows:

1. Property Tax Assessment Growth was originally projected to be \$2.34 million less than the preliminarily approved budget (\$3.45 million) mainly due to appeal decisions. However, it is now expected assessment growth will only be \$1.93 million less than the preliminarily approved budget, an improvement of \$413,800 from the October 24, 2022 report.
2. The addition of 4 Full-Time Equivalents (FTE) for Saskatoon Transit. Administration has included a total increase of \$444,000 increased expenditures as follows:
  - a. One Mechanical Shop Supervisor position for \$112,000;
  - b. One Fleet Maintenance Superintendent for \$124,000;

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- c. One Maintenance Planning and Scheduling Coordinator position for \$104,000; and
- d. One Performance Improvement Coordinator position for \$104,000.

All other amounts remain the same as presented at GPC in October. The total changes are an overall increase to the 2023 Budget of \$2.29 million, resulting in an additional property tax of 0.82%. The change to the Property Tax Assessment Growth also changes the originally approved property tax from 3.53% to 3.56%. The total proposed property tax for 2023 is 4.38%. Details of all the proposed operating changes are included in Appendix 1.

Table 3 – 2023 Budget Adjustment Summary by Business Line

Business Line	Revenue Impact	Expense Impact	Total Budget Adjustment
Arts, Culture and Events Venues	0	126,000	126,000
Community Support	0	183,600	183,600
Corporate Asset Management	0	371,200	371,200
Corporate Governance and Finance	0	2,464,600	2,464,600
Environmental Health	0	253,800	253,800
Land Development	0	0	0
Recreation and Culture	1,067,000	822,200	1,889,200
Saskatoon Fire	0	122,200	122,200
Saskatoon Police Service	(1,023,200)	1,783,200	760,000
Taxation and General Revenues	(8,009,000)	0	(8,009,000)
Transportation	209,000	4,215,900	4,424,900
Urban Planning and Development	0	(300,000)	(300,000)
Utilities	(8,180,300)	8,180,300	0
<b>TOTAL</b>	<b>(15,936,500)</b>	<b>18,223,000</b>	<b>2,286,500</b>

The Saskatoon Police Service Operating Budget is included in Table 3, as well as in Appendix 1, and the Board of Police Commissioners' Operating Budget approval for the net \$760,000 increase is provided in Appendix 2. Within this approval, there is an addition of 11 FTE's.

The Utility programs will require adjustments to revenues and expenditures; however, each Utility will balance to \$0 through transfers to or from Utility reserves. The only proposed change to Utility rates is the new Curbside Organics Program fee per roll-out cart per month as detailed in Appendix 3. Details by Utility program for all budget adjustments can be found in Appendix 4.

### Full-Time Equivalents (FTE)

The 2023 Operating plan as approved on November 29, 2021, included a total of 59.64 new FTE's. The amendments to the budget are proposing an additional 18 FTE's for a total of 77.64 FTE's as shown below in Table 4.

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Table 4 – FTE per Business Line

Business Line	2023 Original FTE Increase	2023 Adjusted FTE Increase	2023 Net Increase
Arts, Culture and Events Venues	1.0	4.0	3.0
Community Support	-	-	-
Corporate Asset Management	3.0	3.0	-
Corporate Governance and Finance	3.0	3.0	-
Environmental Health	4.0	4.0	-
Land Development	-	-	-
Recreation and Culture	2.4	2.4	-
Saskatoon Fire	3.0	3.0	-
Saskatoon Police Service	8.0	19.0	11.0
Taxation and General Revenues	-	-	-
Transportation	6.3	10.3	4.0
Urban Planning and Development	-	-	-
Utilities	20.9	20.9	-
Capital	8.0	8.0	-
<b>TOTAL</b>	<b>59.6</b>	<b>77.6</b>	<b>18.0</b>

The additional 18 FTE's are as follows:

- 11.0 additional FTE's for Saskatoon Police which includes 3.0 FTE's for the Internet Child Exploitation Program, 2.0 FTE's for the Saskatchewan Trafficking Response Team and 6.0 FTE's for the Alternative Response Officer Program.
- 4.0 additional FTE's for Saskatoon Transit include one Mechanical Shop Supervisor, one Fleet Maintenance Superintendent, one Maintenance Planning and Scheduling Coordinator and, one Performance Improvement Coordinator.
- Remai Modern is adding 3.0 additional FTE's to the 2023 budget for positions in Guest Experience and Learning & Engagement that will support positive visitor experiences. These positions do not impact the operating subsidy received from the City.

### 2023 Capital Budget

Proposed changes to the 2023 Capital Budget of \$37.40 million are summarized in Table 5, with details for each project included in Appendix 5. The Board of Police Commissioners' Capital Budget approval is detailed in Appendix 6.

Table 5 – Approved 2023 Capital Plan and Revised 2023 Capital Budget

Business Line	2023 Approved Capital	2023 Revised Capital	Net Change
Arts, Culture and Events Venues	0	0	0
Community Support	248,000	248,000	0
Corporate Asset Management	20,512,000	20,512,000	0
Corporate Governance and Finance	11,776,000	11,776,000	0
Environmental Health	6,368,000	8,849,000	2,481,000

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Land Development	46,901,000	79,641,000	32,740,000
Recreation and Culture	3,520,000	3,520,000	0
Saskatoon Fire	4,100,000	4,400,000	300,000
Saskatoon Police Service	3,669,000	3,468,000	(201,000)
Taxation and General Revenues	0	0	0
Transportation	94,647,000	96,523,000	1,876,000
Urban Planning and Development	1,266,000	1,266,000	0
Utilities	108,334,000	108,534,000	200,000
<b>TOTAL</b>	<b>\$301,341,000</b>	<b>\$338,737,000</b>	<b>\$37,396,000</b>

### Options for Reductions or Additions

The Administration has identified two possible options that Council could consider which would reduce the mill rate increase without negatively impacting service or service standards.

1. Defer the Saskatoon Light and Power (SL&P) Return on Investment (ROI) decrease – In the 2023 Plan, the amount of the ROI to be received from SL&P was decreased by \$500,000. This decrease in the ROI amount was included as a first step to allow SL&P to retain more funding to combat the ongoing asset management deficiencies. Although this can be a one-time reduction in 2023 due to the increased revenues resulting from the rate increase, it will be important to reinstate the decrease in the ROI for approval in the 2024 budget and continue to consider further options to ensure SL&P's assets are maintained at an acceptable level. SL&P did not receive a rate increase between March 2019 and September 2022. Currently, there is a funding gap of approximately \$7.0 million in the asset management plan, with further reporting expected in 2023. However, the increased SL&P budgeted revenue allows for an increased transfer to the capital reserves for 2023 which will allow the deferral of the ROI decrease without impacting service levels. If City Council chooses to defer the ROI decrease this would reduce the mill rate by \$500,000 or 0.18%.
2. Defer the phased-in amount for the Aspen Ridge Transit Service – In the 2023 plan, an expenditure of \$167,200 was included for expanded service into the Aspen Ridge neighbourhood, which was contingent on the thresholds, in the Saskatoon Transit Service Standards being met. It is not expected the thresholds, as outlined in the Saskatoon Transit Service Standards from the [August 29, 2022](#), City Council meeting, will be met within 2023 to expand service into Aspen Ridge. Therefore, Administration has reduced this expenditure by half or \$83,600 to phase-in this step growth between 2023 and 2024. The remaining expenditure of \$83,600 has been left in the number included in this report for a step increase that would be directed to the Transit Vehicle Replacement Reserve. If City Council would like to remove the remaining \$83,600, which would go to reserve from the 2023 budget, it will reduce the impact on the mill rate by \$83,600 or 0.03%.

It is important to note there are \$5.7 million of global reductions or targeted savings that Administration must achieve for the 2023 budget. The above two options are ones that

do not create additional risk within the budget or add to the \$5.7 million in global reductions as the resource reduction has a corresponding operational impact.

City Council can choose to increase or decrease the amounts of the operating or capital budgets for any item presented earlier in this meeting's agenda or any other item City Council would like to bring forward. These items can be added to a consideration list to be debated and approved. There is currently funding of \$2.58 million available through the Reserve for Capital Expenditures (RCE) as detailed in a separate report to be presented at the November 28, 2022, Business Plan and Budget Deliberation meeting. These funds will be available for City Council to use in 2023 should they choose.

### **FINANCIAL IMPLICATIONS**

If the recommendations are approved a total increase to the approved 2023 Operating Plan will be \$2,286,500 resulting in a total property tax increase of 4.38% for 2023 and the 2023 Capital Budget will increase by \$37,396,000.

### **COMMUNICATION PLAN**

The communications plan for the 2023 Adjusted Budget will include a news release, website updates and social media messaging. Once completed, the finalized 2023 Adjusted Budget document will be made available on the City's website ([saskatoon.ca/finance](http://saskatoon.ca/finance)).

### **OTHER IMPLICATIONS**

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

### **NEXT STEPS**

The City Council-Approved Adjustments Document for 2023 will be prepared to reflect the decisions made at budget deliberations November 28-30,2022, and will be made available on the City's website in early 2023.

### **APPENDICES**

1. 2023 Proposed Operating Budget Adjustments
2. Board of Police Commissioners 2023 Operating Budget
3. Curbside Organics Program Rates
4. 2023 Proposed Utility Operating Budget Adjustments
5. 2023 Proposed Capital Adjustments
6. Board of Police Commissioners 2023 Capital Budget

### **REPORT APPROVAL**

Written by: Kari Smith, Director of Finance  
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