

## Community Support Business Line

The Community Support Business Line is a collection of various community support related services including Animal Services, Cemeteries, Community Development and Community Investments & Supports.

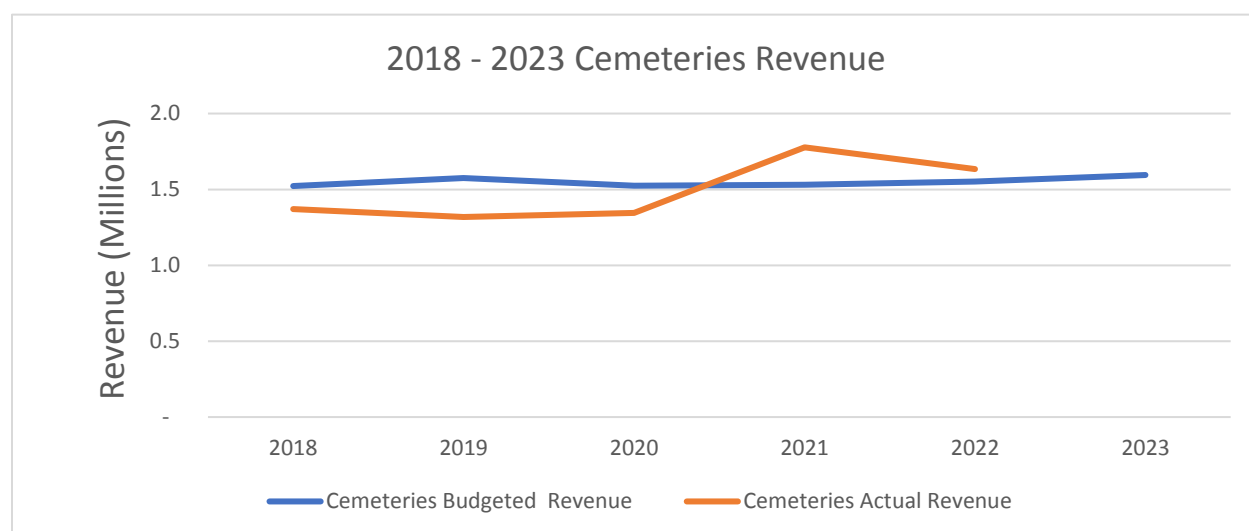
The 2023 Budget for this Business Line includes \$21.6 million in expenditures and \$2.8 million in operating revenues. The remaining costs of \$18.8 million are funded by general revenues including property taxes.

### Revenue Overview

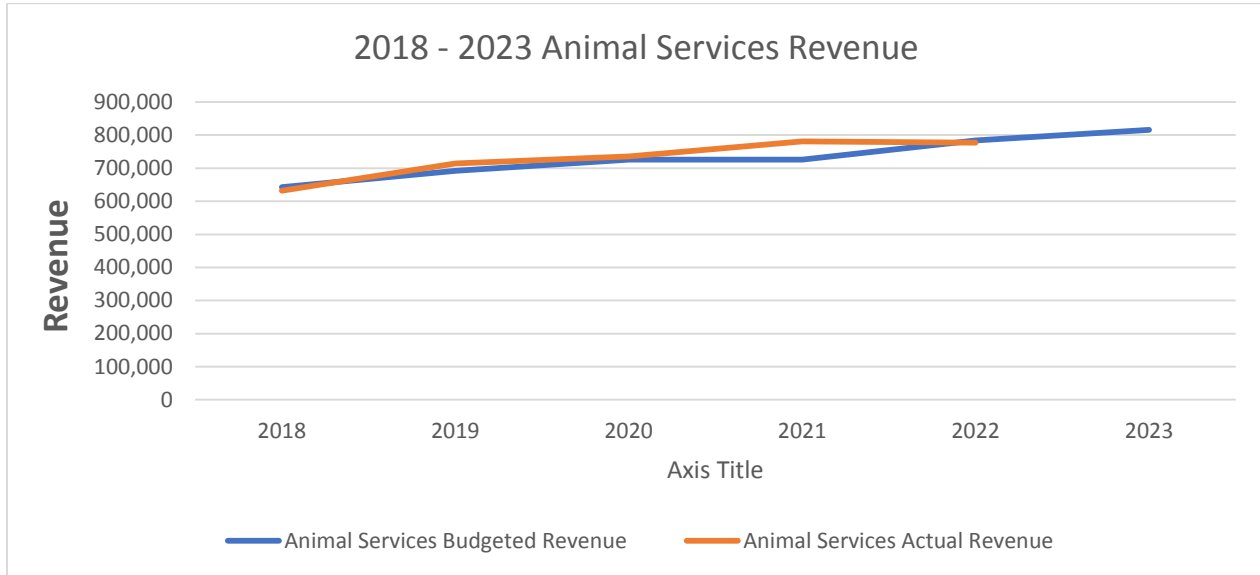
In 2023 the Community Support Business Line is budgeted to generate \$2.8 million in operating revenue. \$1.59 million comes from the Cemeteries Service line, which is approximately 57% of all operating revenue in this Business Line. A full breakdown of operating revenue can be seen below.

<b>Service Line</b>	<b>2023 Op Rev (in millions)</b>	<b>% of Overall Op Rev.</b>
Animal Services	\$0.82	29.29%
Cemeteries	\$1.59	56.79%
Community Development	\$0.39	13.92%
Community Investments & Support	\$0.00	0.00%
<b>Community Support Business Line</b>	<b>\$2.80</b>	<b>100.00%</b>

As outlined above Cemeteries Revenue is one of the biggest operating revenue sources in this Business Line. Although 2021 saw a slight increase due in part to higher than budgeted investment earning from the Perpetual Care Fund, Cemeteries revenue over the past five years has remained stable and has not seen any significant changes due to the pandemic.



Although 2020 showed an unfavorable variance from budget due to lower than budgeted number of interments, Administration expects to maintain consistent revenue increases in the future due to inflationary rate increases and implementation of the Cemetery Master Plan.



Animal Services Revenues, which are primarily comprised of pet license and pound fees, have increased by 27% over the last five years. This increase is the result of both the increasing number of pet licenses sold and rates. The largest volume increase occurred in 2021 and is attributable to the increase in pet ownership during the pandemic.

### **Expenditure Overview**

The two service lines with the largest expenditures are Community Development (\$4.07 million) and Community Investments & Supports (\$13.85 million), which make up 83% of all expenditures within this Business Line. An overview of all the service lines 2023 operating expenditures can be seen below:

<b>Service Line</b>	<b>2023 Op. Exp. (in millions)</b>	<b>% of Overall Op. Exp.</b>
Animal Services	\$ 2.05	9.50%
Cemeteries	\$ 1.62	7.50%
Community Development	\$ 4.07	18.85%
Community Investments & Support	\$13.85	64.15%
<b>Community Support Business Line</b>	<b>\$21.59</b>	<b>100.00%</b>

Another way to look at this information is by Budget Category. As seen below 83% of expenditures in the Community Support Business Line are for and Donations, Grants & Subsidies (56%) and Contracted & General Services (27%).

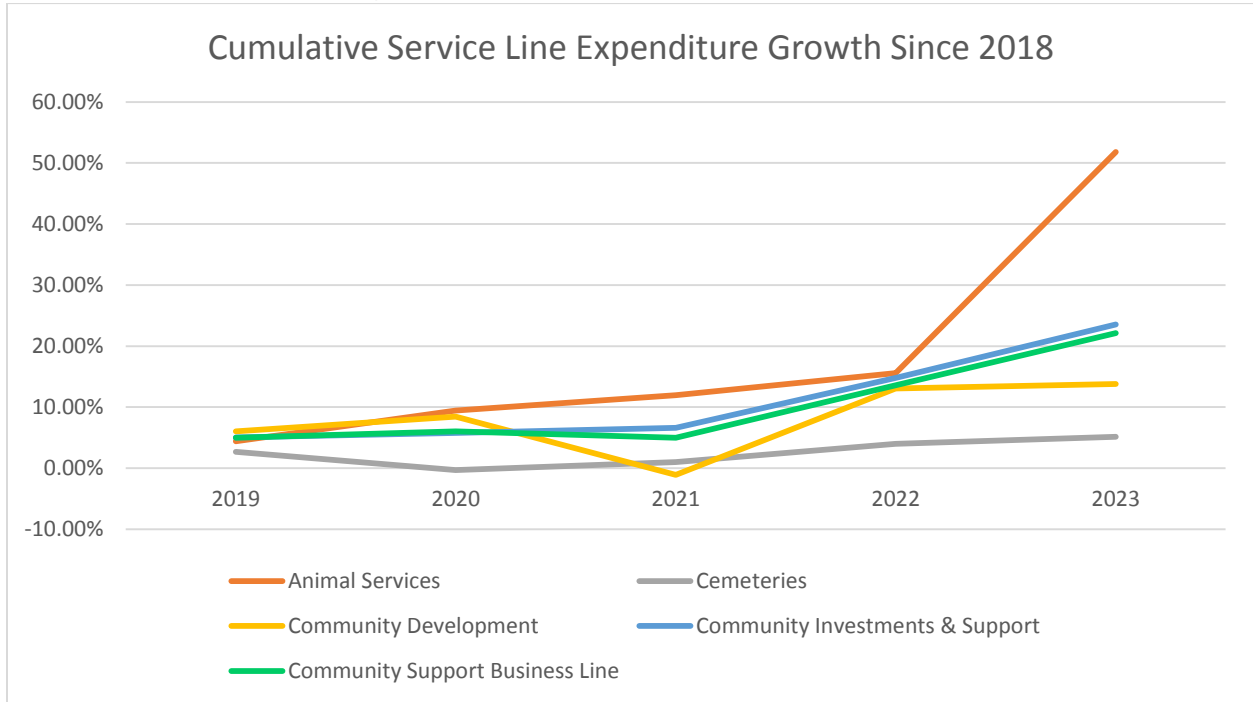
<b>Budget Category</b>	<b>2023 Budget (in millions)</b>	<b>% of Overall Expenses</b>
Wages & Benefits	\$ 2.71	12.55%
Contracted & General Services	\$ 5.81	26.91%
Utilities	\$ 0.15	0.70%
Donations, Grants, Subsidies	\$12.00	55.58%
Materials Goods & Supplies	\$ 0.18	0.83%
Transfers to Reserve/Capital	\$ 0.80	3.71%
Cost Recoveries	(\$ 0.06)	(0.28%)
<b>Community Support Business Line</b>	<b>\$21.59</b>	<b>100.00%</b>

A couple of additional key observations are:

- 71% of all wages and benefits for the Community Support Business Line relate to Community Development, and supports 18.85 FTE as per the 2023 budget, which administer programs and support community associations, the heritage program, cultural, social development, community, Indigenous and a variety of program grants.
- 92% of all Donations, Grants & Subsidies for the Community Support Business Line are for Community Investments & Support. Examples of some of the City's largest community investments & supports in 2023 include:
  - \$1.54 million for a variety of Cultural and Heritage Grants most notable for Wanuskewin Heritage Park (\$214,000) a variety of smaller application-based tax abatements (\$190,000), Cultural Participation Grants (\$653,000) and Provision of Civic Services (\$245,000);
  - \$2.72 million for Social Grants and Tax Abatements including the White Buffalo Youth Lodge (190,000), Leisure Centre Accessibility Subsidy (851,000), Detoxification Centre (108,000), Burial of the Impoverished (50,000) as well as a variety of tax abatements (680,000) and cash grant programs (574,000) to smaller organizations governed by City Council policy;
  - \$2.58 million for Sport related programs most notably \$2.3 million for Youth Sport Subsidies and \$200,000 for the Recreation and Sport Tax Abatement Program;
  - \$4.47 million for Economic Development programs including a \$885,000 grant for the Saskatoon Regional Economic Development Authority (SREDA) and \$3.58 million for a variety of application based Economic Incentives;
  - \$579,000 for a grant for Discover Saskatoon; and
  - \$2.1 million for other grants and subsidy programs including \$1.43 million for the Meewasin Valley Authority, \$431,000 towards the Special Events Reserve and \$95,000 for a one-time grant to the SPCA.
- 90% of all transfers to reserve/capital for the Community Support Business Line are under Community Investments & Support (45%) to be used for grant and

subsidy programs and Cemeteries (45%) which are transfers to the Perpetual Care and Cemetery Assurance Funds.

The expenditures in the Community Support Business Line have grown by 22.13% over the past five years for an average of 4.43% per year. A graphical overview of each service lines expenditure growth can be seen below:



The service lines that have seen the largest expenditure growth over the past five years (greater than 20%) include:

- 44.76% increase in Animal Services expenditures from 2018 to 2023.
  - This increase is largely due to an increase of 29.20% in 2023 related to the \$359,500 negotiated increase to the Pound Keeper Agreement.
  - Other items contributing to this increase relate to a \$15,000 increase to the transfer to the Animal Services reserve and an \$11,000 inflationary increase to the Animal Control Enforcement Contract.
- 24.41% increase in Community Investments & Support from 2018 to 2023.
  - Although the Community Investments & Support service line experienced regular increases of approximately 2.88% per year from 2019 – 2020, it saw greater increases in expenditures averaging 6.22% per year from 2021-2023, for an overall average increase per year of 4.88% for the last five years.
  - The largest increase relates to an increase in the 2023 budget (8.37%) mainly due to an increase in Economic Incentives including Downtown/Affordable Housing Incentives, the Mortgage Support Program and Vacant Lot Adaptive Reuse Incentives.

- Other items include increases to the Youth Sport Subsidy program that provides for subsidies on the rental costs of facilities to deliver sports programs to youth, inflationary increase to the Meewasin Valley Authority grant and an increase to the Heritage Fund. Also included in 2023 are reductions to the transfer to the Special Events Reserve of \$68,700 and the SPCA animal cruelty investigations grant of \$77,600.

### **Service Level Overview**

Service levels are a key driver for the City’s expenditure requirements. The following section provides an overview of key service levels for each. Of note some of the biggest service levels that are driving costs within the City’s Community Support Business Line are the service hours and operator requirements for Animal Services as well as the City’s Community Investments & Support grant obligations.

<b>Animal Services</b>		
<b>Service</b>	<b>Sub-Service</b>	<b>2023 Service Level</b>
Off Leash Recreational Areas (Dog Parks)	Dog Poop Bag Dispenser Servicing	2 times per week April through October and 1 time a week November through March.
	General Waste Collection	2 times per week April through October and 1 time a week November through March.
	Avalon and Sutherland Waste Collection	2 times per week throughout the year.
	Pathway Snow Clearing	As required after heavy snow falls.
Animal Bylaw Enforcement	Customer Service	Office hours 9am to 5pm weekdays and telephone service 24/7.
	April through October	7am to 10pm weekdays with 3 animal control officers and 1 dispatch on duty. 7am to 10pm weekends with 2 animal control officers and 1 dispatch on duty.
	November through March	7 days a week 8am to 8pm with 1.6 FTE animal control officers and 1 FTE dispatch on duty.
Pound Services	Pound Services	Minimum of 56 hours per week with the expectation that the Pound would maintain regular business hours. Telephone services 24/7.
Licensing	Licensing Locations	City Hall, the Saskatoon Animal Control Agency, the SPCA, or any participating pet license vendors.

<b>Community Development</b>		
<b>Service</b>	<b>Sub-Service</b>	<b>2023 Service Level</b>
Community Associations Support (47 total associations)	Staff Support	8 community consultants.
	Operating Grant	Annual financial support to cover insurance, financial administration and program advertising including newsletters.
	Fall & Winter Program Supports	Fall & Winter program financial grants and rentals for elementary school gymnasiums.
Other Support	Supports to sport, culture, recreation and social serving agencies and organizations	Consultative support and advice to settlement serving agencies, arts, culture and festival organizations, social serving agencies and representing the City at partnership tables such as Saskatoon Poverty Reduction Partnership.
<b>Community Investments &amp; Support</b>		
<b>Service</b>	<b>Sub-Service</b>	<b>2023 Service Level</b>
Cash Grants and Tax Abatements	Culture and Heritage	Major cultural organizations (\$2 per capita target), Wanuskewin Heritage Park Partnership; Provision of civic services, tax abatements and Heritage Facade Grant.
	Social	Cash grants to 48 social serving organizations (\$2 per capita target) and tax abatements to 22 agencies.
Grants	Sport	Grants to support youth sport subsidy (at a rate of 40% rental subsidy for eligible organizations) and for sport organizations to offer accessible sport programs.
	Economic Development	Funding for economic incentives and SREDA.
	Tourism	Tourism Saskatoon and Saskatoon Sport Tourism Grants.
	General	Funding to support Meewasin Valley Authority; Saskatoon Prairieland Park; SPCA.

<b>Cemeteries</b>		
<b>Service</b>	<b>Sub-Service</b>	<b>2023 Service Level</b>
Mowing	Season	mid-May until mid-September.
	Frequency	up to 18 times/season.
Weed Trimming	Season	Mid-May until mid-September.
	Frequency	Up to 7 times/season.
Irrigation		Application of 25 MM/week inclusive of precipitation from June 1 to Aug 31.
Shrub Beds / Flowerbeds		Serviced up to 8 times.
Fertilization and Aeration		1 time per season.
Litter and Waste Management	Receptacles	Waste collected a minimum of once a week beginning of May to mid-October. Waste collected a minimum of once every three weeks mid-October to end of April.
	Turf and shrub beds	Litter is picked up in conjunction with mowing and line trimming operations.
Snow Clearing	Asphalt roadways only	Cleared within 24 hours of snowfall ending.
Landscaping of Interment Site		2 weeks after interment (May 1 – September 30) with exception of off-season (October 1 to April 30) which is completed by April 30.
Service Requests		Depending on nature of request, reviewed within 48 hours and if work is required, completed within 2 weeks.

### **Pandemic Challenges**

This business line was largely unaffected by the Pandemic as the majority of the Business Line expenditures are for Community Investments and grants which continued to be delivered throughout the pandemic.

### **2024/2025 Pressures Included in the Budget Status Update**

While the Administration is still in the process of quantifying the exact pressures that this Business Line is expected to experience in 2024 and 2025, some of the known pressures today include:

- An estimated \$271,200 increase in 2024 to Pound Services and Bylaw Enforcement required because of the recent tender process for those services and a further \$42,300 in 2025.
- The estimates include an overall decrease of \$366,800 in abatements and economic incentives in 2024 and a further \$363,000 decrease in 2025. The main contributors to these significant decreases include:
  - The value of the Saskatoon Airport Tax Abatement is based on the difference between the ad valorem property taxes for the property and the actual property taxes they pay via their agreement. As the Saskatoon Airport saw a significant decrease in their ad valorem property taxes in 2023 (\$114 million to \$72 million assessment) the calculated value of their tax abatement also decreased. Overall, this change is revenue neutral for the City as the Airport continues to pay property taxes under their existing agreement, however, from a budget perspective, the City's Property Tax Growth was adjusted in 2023 resulting in a negative impact while the abatement in 2024 will result in a corresponding positive impact to the mill rate.
  - The remainder of the change is due to the expiration of agreements under the City's Economic Incentive, Downtown/Affordable Housing Program, Other Agreements and Vacant Lot programs as well as the estimated starting of any other known new agreements.
- Increase in 2025 of \$137,500 to the Youth Sport Subsidy program based on anticipated increases in youth participation and rental rates.
- Inflationary increases to the Meewasin Valley Authority Grant of \$42,800 in 2024 and \$36,900 in 2025.
- The remainder of the increases relate to increases to grants based on population growth, a new grant and utility costs for the Pleasant Hill Rink, and small inflationary increases.

### **Additional 2024/2025 Pressures Not Included in the Budget Status Update**

The Budget Status Update presented is Administration's estimate on the costs to maintain existing services when considering growth, inflation, and base budget adjustments. The previous section outlined some of the significant pressures included with that estimate, however, it is important to note there are additional pressures required to move towards achieving the City's Strategic Priorities, address growing service level expectations such as asset management funding gaps and respond to everchanging community needs, that were not included. These options will be quantified and presented in a future report which will give City Council the option to discuss and potentially add these items to the 2024/2025 Budget. For the purpose of this report a high-level contextual overview of some of these key pressures not included in the budget status update can be seen below. The most prevalent pressure is from community non-profit organizations, particularly from social serving agencies, for new



and or increased grant funding from the City in response to inflation and a growing need among the community for support programs.

- Cash Grant Social Funding increase to provide funding levels up to \$4 per capita for the cash grant component by 2027 requires an additional \$456,000 to be phased in over four years at \$114,000 per year.
- Culture Grant Funding increase to provide funding levels up to \$4 per capita by 2027 requires an additional \$300,000 to be phased in over four years at \$75,000 per year. Current funding equates to \$3.35 per capita with the average cultural grant support in other Canadian cities is \$3.74 per capita.

### **Potential Options:**

#### **Option 1 – Reductions to Community Grants and Investments**

An option is to reduce contributions to any of the City-provided Community Investments and Support programs. Any reductions to Community Investments and Supports would have an impact on the amount of funding community groups receive or impact the City's ability to deliver on a particular mandate, at a time when pressures, due to inflation and increased demand for service, for non-profit organizations are increasing.

Funding provided by the City to community groups through various programs is leveraged by these organizations to deliver a wide variety of programs and services to the community. A reduction in funding support from the City would reduce the capacity for these organizations to deliver programs and services at their current levels.

Option 1A - An option within the funding provided to community groups, that is not directly tied to the annual program service delivery of community-based organizations, would be to reduce the funding provided to special events through grants and the provision of civic services. The 2023 budget includes annual funding to special events grant reserve of \$431,300 (which was reduced by \$68,700 in the 2023 budget) and to the provision of civic services of \$245,000. The annual amount could be reduced with the resulting impact being that special events would be required to address their operating costs by other means including potentially paying for civic services at some level. The impact may result in increased admission costs for residents to attend special events and/or a reduced number of special events offered for resident's enjoyment.

Option 1 B - Another option would be to reduce the Youth Sport Subsidy base percentage of support. The current policy provides essentially a 40% subsidy to offset the facility rental costs for organizations providing youth sports activities. The 2023 budget includes \$2,304,600 in funding for the Youth Sport Subsidy. The policy could be amended to reduce level of subsidy with the immediate impact being that sport organizations would be required to cover rental costs at a higher level resulting in increased user fees and/or reduced program offerings. The resulting impact could be reduced access for youth to sport programs. In addition, sport organizations may not be able to meet the requirements for long term athlete development as per national sport governing body programs. For example, every 1% decrease in the subsidy rate would

reduce the annual operating requirement by approximately \$57,500. This change could also reduce usage at recreational facilities, both city and privately owned, increasing the costs to access these facilities and potentially their long-term sustainability.

#### Option 2 – Increase Pet Licensing Rates and Fees

An option is to further increase the Rates and Fees for Pet Licensing. The 2024-2025 Budget Status Update includes an increase to pet licensing rates and fees with a total increase in revenues of approximately 3% annually based on the new rates and volumes. The revenue generated from pet licensing mitigates the impact to mill rate support required to deliver and maintain existing animal services when considering growth and inflation. The 2024-2025 budget includes pet licensing revenue of \$816,800 in 2024 and \$841,000 in 2025. An option would be to further increase the pet licensing rates to generate additional revenue. For example, a further increase in pet licensing rates of 10%, (i.e., spay/neutered dog license rate increasing from \$32 to \$35; spay/neutered cat license increasing from \$20 to \$22) with all things being equal would potentially generate an additional \$80,000. If the increase is too large, it has the potential for fewer residents purchasing a pet license, resulting in reduced volumes and the corresponding reduction in revenues. In researching the current pet licensing rates in comparison with other cities, the City of Saskatoon's rates are on par with the average pet licensing rates in those municipalities investigated.

#### Option 3 – Increase Cemetery Rates and Fees

An option is to further increase the Rates and Fees for Cemetery services. The 2024-2025 Budget Status Update includes an increase to Cemetery rates and fees of approximately 3% in both 2024 and 2025. The 2024-2025 budget includes additional Cemetery revenue of \$30,800 in 2024 and \$31,600K in 2025. An option would be to further increase Cemetery Rates and Fees by an additional 3% in both 2024 and 2025 potentially generating an additional \$60,000 of revenue, over two years. The potential negative consequences associated with a significant additional rate increase would include reduced volumes and corresponding reduction in revenues due to the Cemeteries pricing structure being less competitive with other service providers in the Saskatoon region.

#### Option 4 – Decrease the transfer to new Cemetery Development Fund Reserve

The Budget Status Update includes a transfer to establish the new Cemetery Development Fund Reserve. The amount of the transfer is equal to the revenue generated from the proposed rate increase, specifically \$30,800 in 2024 and \$31,600 in 2025. An option would be to reduce or eliminate the transfer to the Reserve. This would have the impact of delaying the implementation of the Cemetery Master Plan.

#### Option 5 - Reduce maintenance service levels at the Cemetery

An option is to reduce the level of maintenance service levels at the Woodlawn Cemetery. Landscape inputs such as flowers, tree and shrub replacement, water and fertilizer applications and staffing inputs could be reduced resulting in savings of approximately \$20,000 in 2024. Historical levels of landscape aesthetics would be reduced, and delays associated with the provision of cemetery maintenance would

occur. The potential negative consequence associated with the proposed reduction of maintenance service levels would include customer and visitor dissatisfaction with reduction in landscape aesthetics.

Option 6 - Reduce Perpetual Care Fund transfer to eliminate mill rate support

The Cemetery Program is intended to be a self-balancing program, whereby revenues in excess of expenses are held in the Cemetery Stabilization Reserve; the reserve is then available to fund any situations where program expenditures exceed revenues. The Cemetery Program has not yet been in the position to contribute to the stabilization reserve and has relied on mill rate support. In 2024 the mill rate support is estimated to be \$53,500 and \$77,300 in 2025. Perpetual care fee revenue is transferred to the Perpetual Care Fund, where the accumulated funds are invested, and in turn earnings from the fund are transferred back to the program as revenue. In addition to the annual perpetual care fees, a flat amount of \$114,000 is transferred to this reserve to accelerate the accumulation of the investment base in order to generate higher earnings. An option is to reduce the flat contribution by an amount that offsets the mill rate support needed for the Cemetery program. The Fund would continue to receive any perpetual care fees earned during the year through regular sales, only the additional amount would be reduced. The risk to this is that the investment base will not grow as quickly, resulting in investment earnings that support the operating budget growing at a slower rate.