

2024 and 2025 Budget Reduction Allocation Estimates

ISSUE

This report provides an estimate of the amount of reductions that would be required in each Business Line to achieve a 4%, 6% or 9% property tax increase for 2024 and 2025 as previously directed by City Council.

BACKGROUND

At the June 14, 2023 at the Governance and Priorities Committee meeting when considering the [2024/2025 Budget Status Update](#), Committee resolved in part that:

- “ 4. Would the administration quantify the amount of changes required to have a 4% tax increase in 2024 and a 4% tax increase in 2025 in each business line. Please ensure that the Board of Police Commissioners is provided the same information.
5. Would the administration quantify the amount of changes required to have a 6% tax increase in 2024 and a 6% tax increase in 2025 in each business line. Please ensure that the Board of Police Commissioners is provided the same information.
6. Would the administration quantify the amount of changes required to have a 9% tax increase in 2024 and a 9% tax increase in 2025 in each business line. Please ensure that the Board of Police Commissioners is provided the same information.”

CURRENT STATUS

To achieve a 9%, 6% or 4% property tax increase in 2024 and 2025 the following reductions would be required from the projected funding gap.

Property Tax Impact	2024 Reduction Required	2025 Reduction Required
9%	\$26,987,125	N/A Property Tax would already be under 9% at 7.56%
6%	\$35,460,325	\$5,296,519
4%	\$41,109,125	\$11,480,481

To assist in future Business Line reviews, the Administration has prepared forecasts on what it would require for each business line to achieve. When determining the allocations, there are several methods that could be used to illustrate the allocation. An overview of two possible allocation methods are outlined below:

Allocation Method Option 1 – Percentage of Operating Revenue & Expenditures

Allocation method 1 includes allocating a percentage of the required reductions based on operating revenues and expenditures. This perspective is useful as it provides insight into what an allocation across the organization would look like based on the size of their budgets and not necessarily based on the amount of pressure they are adding

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to the funding gap since different business lines are experiencing different levels of financial pressure.

The following tables utilize the 2023 budget for the projected allocations with the following adjustments:

1. Urban Planning and Development, Recreation and Culture, Transportation and Saskatoon Land self balancing programs have been removed since they do not impact the property tax (Licenses and Permits, Building & Plumbing Permits & Standards, Golf Courses, Nutrien Playland, Gordie Howe Campsite, Riverlanding and the Impound Lot);
2. Debt Servicing has been removed from the Corporate Governance and Finance business line since there is no opportunity to adjust this expenditure; and
3. Taxation and General Revenue have not been included in the allocation since there is limited control over increasing these revenue sources (Grants-in-lieu, Franchise Fees, Municipal Revenue Sharing, etc.)

Considering these adjustments, an overview of the projected reductions required to achieve a certain property tax for each business line can be seen below:

2024 Reduction Allocations (Revenue + Expenditures Allocation Method)			
Business Line	4% Property Tax	6% Property Tax	9% Property Tax
Arts, Culture and Events Venues	\$ 654,224	\$ 564,327	\$ 429,482
Community Support	\$ 1,645,093	\$ 1,419,041	\$ 1,079,963
Corporate Asset Management	\$ 1,118,234	\$ 964,577	\$ 734,093
Corporate Governance and Finance	\$ 4,334,297	\$ 3,738,722	\$ 2,845,359
Environmental Health	\$ 2,252,989	\$ 1,943,406	\$ 1,479,032
Recreation and Culture	\$ 5,060,168	\$ 4,364,851	\$ 3,321,875
Saskatoon Fire	\$ 3,973,048	\$ 3,427,112	\$ 2,608,208
Saskatoon Police Service	\$ 9,383,097	\$ 8,093,767	\$ 6,159,771
Transportation	\$ 12,159,545	\$ 10,488,703	\$ 7,982,441
Urban Planning and Development	\$ 528,431	\$ 455,819	\$ 346,902
Total	\$ 41,109,125	\$ 35,460,325	\$ 26,987,125

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2025 Reduction Allocations (Revenue + Expenditures Allocation Method)			
Business Line	4% Property Tax	6% Property Tax	
Arts, Culture and Events Venues	\$ 182,840	\$ 84,353	
Community Support	\$ 459,765	\$ 212,112	
Corporate Asset Management	\$ 312,520	\$ 144,181	
Corporate Governance and Finance	\$ 1,211,334	\$ 558,849	
Environmental Health	\$ 629,658	\$ 290,493	
Recreation and Culture	\$ 1,414,198	\$ 652,440	
Saskatoon Fire	\$ 1,110,374	\$ 512,271	
Saskatoon Police Service	\$ 2,622,355	\$ 1,209,823	
Transportation	\$ 3,389,753	\$ 1,563,862	
Urban Planning and Development	\$ 147,684	\$ 68,134	
Total	\$ 11,480,481	\$ 5,296,519	

It is Important to note that the 9% projection has not been provided in the 2025 forecast, since the starting point is already below that figure.

Allocation Method Option 2 – Percentage of Funding Gap

Allocation method 2 includes allocating a percentage of the required reductions based on where the funding gap pressures are coming from in 2024 and 2025. This method provides a different perspective as it provides a higher allocation to those areas that are contributing the most to the projected funding gap.

2024 Reduction Allocations (Funding Gap Allocation Method)			
Business Line	4% Property Tax	6% Property Tax	9% Property Tax
Arts, Culture and Events Venues	\$ 143,085	\$ 123,424	\$ 93,932
Community Support	\$ 92,883	\$ 80,120	\$ 60,975
Corporate Asset Management	\$ 5,230,084	\$ 4,511,419	\$ 3,433,421
Corporate Governance and Finance	\$ 3,062,438	\$ 2,641,628	\$ 2,010,415
Environmental Health	\$ 1,643,085	\$ 1,417,309	\$ 1,078,645
Recreation and Culture	\$ 2,862,485	\$ 2,469,151	\$ 1,879,151
Saskatoon Fire	\$ 3,647,761	\$ 3,146,523	\$ 2,394,665
Saskatoon Police Service	\$ 6,348,890	\$ 5,476,490	\$ 4,167,889
Transportation	\$ 17,910,212	\$ 15,449,172	\$ 11,757,612
Urban Planning and Development	\$ 168,203	\$ 145,091	\$ 110,421
Total	\$ 41,109,125	\$ 35,460,325	\$ 26,987,125

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2025 Reduction Allocations (Funding Gap Allocation Method)		
Business Line	4% Property Tax	6% Property Tax
Arts, Culture and Events Venues	\$ 45,677	\$ 21,073
Community Support	\$ (24,109)	\$ (11,123)
Corporate Asset Management	\$ 881,166	\$ 406,526
Corporate Governance and Finance	\$ 910,100	\$ 419,874
Environmental Health	\$ 351,985	\$ 162,388
Recreation and Culture	\$ 1,245,628	\$ 574,671
Saskatoon Fire	\$ 1,025,219	\$ 472,984
Saskatoon Police Service	\$ 2,980,346	\$ 1,374,982
Transportation	\$ 3,932,908	\$ 1,814,447
Urban Planning and Development	\$ 131,562	\$ 60,696
Total	\$ 11,480,481	\$ 5,296,519

It is important to note that 2024 and 2025 allocations in method 2 have been adjusted for the following factors:

- The Environmental Health Business Line did not include the portion related to removing the Black Bin Program (\$7.4 million) to isolate the projected increases for that Business Line;
- Corporate Governance and Finance did not include the costs of reducing the Corporate Contingency, increased payroll costs and Microsoft Licensing since those costs are required across the organization and not solely related to this Business Line; and
- Corporate Governance and Management also removed Debt Servicing since this is not directly related to the operations of this Business Line.

Impact of Options Presented on June 22, 2023 Report

If all of the recommendations included in the June 22, 2023 report to the Special Governance and Priorities Committee were approved, they have the following impact on each business line:

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June 22 Recommended Options 2024 and 2025 Impact			
Business Line	2024	2025 Total	
Arts, Culture and Events Venues	\$ (41,000)	\$ -	\$ (41,000)
Community Support	\$ (110,000)	\$ (30,000)	\$ (140,000)
Corporate Asset Management	\$ (2,014,500)	\$ 402,900	\$ (1,611,600)
Corporate Governance and Finance	\$ (2,744,600)	\$ (805,000)	\$ (3,549,600)
Environmental Health	\$ -	\$ -	\$ -
Recreation and Culture	\$ (600,000)	\$ (600,000)	\$ (1,200,000)
Saskatoon Fire	\$ (2,088,500)	\$ (1,139,500)	\$ (3,228,000)
Saskatoon Police Service	\$ -	\$ -	\$ -
Transportation	\$ (10,708,500)	\$ 271,500	\$ (10,437,000)
Taxation & General Revenue	\$ (3,791,000)	\$ 495,000	\$ (3,296,000)
Urban Planning and Development	\$ -	\$ -	\$ -
Total	\$ (22,057,100)	\$ (1,405,100)	\$ (23,462,200)

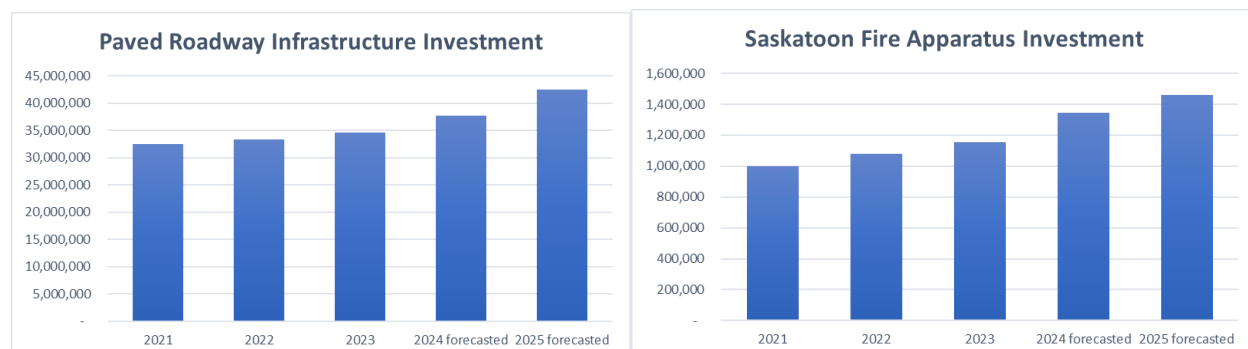
It is important to note that figures in brackets in the previous table represent reductions to the funding gap, while figures without brackets would represent increases to the funding gap if City Council chose to phase in some of the deferrals as per several of the recommendations.

Impact of Adjustments

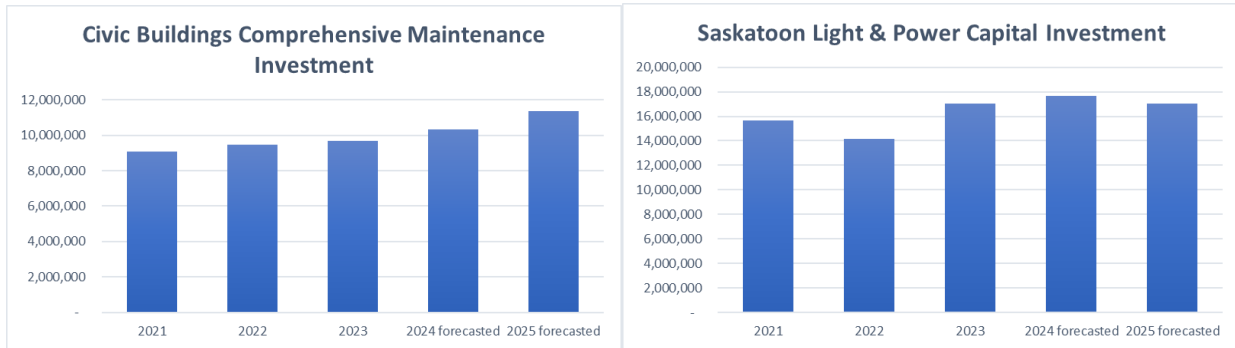
It is important to note, that while the impact of inflation has eroded the City's purchasing power in many areas, many of the investments such as Roadways, Facilities and Fire Apparatus will still be the largest dollar investments ever made for the City of Saskatoon.

An overview of the 2021 – 2025 forecasted contributions to various reserves are outlined and graphed below:

Program	Annual Investment				
	2021	2022	2023	2024 forecasted	2025 forecasted
Paved Roadway Infrastructure	\$ 32,519,000	\$ 33,306,000	\$ 34,635,000	\$ 37,775,000	\$ 42,539,000
Saskatoon Fire Apparatus Contribution	\$ 1,000,000	\$ 1,077,000	\$ 1,152,000	\$ 1,344,500	\$ 1,460,000
Saskatoon Light & Power Allocation	\$ 15,678,000	\$ 14,145,000	\$ 17,025,000	\$ 17,646,000	\$ 17,021,000
Civic Buildings Comprehensive Maintenance	\$ 9,063,000	\$ 9,480,000	\$ 9,668,000	\$ 10,343,000	\$ 11,347,900



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NEXT STEPS

This report and tables will continue to be provided and updated heading into each Special Budget meeting during the summer.

REPORT APPROVAL

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