

Utilities 2020 and 2021 Business Plan and Budget

ISSUE

City Council approval is required in order to set the Operating and Capital Business Plan and Budget for 2020 and 2021. The figures in this report are stated as 2020 and 2021 respectively, unless otherwise noted.

RECOMMENDATION

1. That the Utilities Business Line Operating Budget for 2020 totalling \$370,522,300 in expenditures and \$370,522,300 in revenues be approved, subject to adjustments under the Business Plan Options section of the agenda;
2. That the Utilities Business Line Operating Plan for 2021 totalling \$384,508,400 in expenditures and \$384,508,400 in revenues be approved, subject to adjustments under the Business Plan Options section of the agenda;
3. That the 2020 Capital Budget totalling \$91,305,000 be approved, subject to adjustments under the Business Plan Options section of the agenda;
4. That the 2021 Capital Plan totalling \$122,280,000 be approved, subject to adjustments under the Business Plan Options section of the agenda;
5. That the Curbside Residential Recycling Program fees per household per month, as outlined in Appendix 1, be set at \$7.38 in 2020, and \$7.47 in 2021;
6. That the Multi-Unit Residential Recycling Program fees per household per month, as outlined in Appendix 1, be set at \$3.71 in 2020, and \$3.86 in 2021;
7. That the City Solicitor be instructed to amend Schedule "D" of Bylaw No. 8310, The Waste Bylaw, 2004, specifically to revise the residential recycling fees listed within the report of the Chief Financial Officer dated November 25, 2019;
8. That the City Solicitor be instructed to amend Schedule "E" of Bylaw No. 8310, The Waste Bylaw, 2004, specifically to remove polycoat, black plastic, and plastic #6 expanded polystyrene from the list of permitted recyclable material;
9. That the 2020 and 2021 water and wastewater rate changes, as outlined in Appendix 2, be approved effective January 1 of each year;
10. That the 2020 and 2021 infrastructure rate change, as outlined in Appendix 2, be approved effective January 1 of each year; and
11. That the City Solicitor be requested to prepare the appropriate bylaws.

BACKGROUND

The 2020 and 2021 Preliminary Business Plan and Budget (Preliminary Budget) was released on October 30, 2019.

DISCUSSION/ANALYSIS

Utilities Business Line Operating Budget

The Preliminary Budget includes a total of \$370,522,300 and \$384,508,400 in expenditures for the Utilities Business Line. Increases of \$11,130,900 (3.1%) and \$13,986,100 (3.8%) are projected, mainly due to:

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- \$5,251,000 and \$5,879,500 in Saskatoon Light & Power (SL&P) expenses. The largest portion of these increases in expenditures (\$4,852,400 and \$3,873,800) is due to increases in bulk power purchases due to increased rates and quantities. The remaining increase in expenditures relates to staff compensation, transfers to reserve and other operational requirements;
- Storm Water Management increases of \$1,865,100 and \$1,769,000, largely related to increased capital provisions in order to support the City of Saskatoon's portion of shared municipal and federal funding for projects to help mitigate flooding in ten areas of the city;
- \$1,385,900 and \$274,900 increase in Waste Services, mainly for increased funding to the Green Cart Program to eliminate prior years' deficits in this program;
- \$479,200 and \$2,378,700 increase within the Wastewater Utility, mainly due to operational requirements as well as an increase of \$1,561,400 in 2021 towards the Infrastructure Reserve – Water and Sewer in order to meeting the capital plan requirements; and
- \$2,149,700 and \$3,693,000 increase for the Water Utility mainly due to operational requirements, increases to the Return on Investment and Grant-in-Lieu, as well as increases to transfers to reserve to meet the current capital plan.

This business line also includes an increase in non-tax revenues of \$11,130,900 and \$13,986,100 in 2020 and 2021, respectively. These increases are equivalent to the increases in expenditures, as this Business Line does not rely on the property tax for funding support. This increase is largely related to rate increases for SL&P and Saskatoon Water.

Utilities Business Line Capital Budget

The 2020 and 2021 Utilities Business Line includes \$91,305,000 and \$122,280,000 in funded capital projects. A summary of the proposed investments in each utility is shown below:

Utility	2020 Capital Investment	2021 Capital Investment
Saskatoon Light & Power	\$18,414,000	\$ 17,648,000
Storm Water Management	\$10,663,000	\$ 13,330,000
Wastewater Utility	\$22,949,000	\$ 28,518,000
Water Utility	\$39,279,000	\$ 62,784,000
Total	\$91,305,000	\$122,280,000

Fees and Rate Changes

Appendix 1 provides additional information for the Curbside Residential Recycling Program and the Multi-Unit Residential Recycling Program fees. Appendix 2 provides additional information for the Water, Wastewater and Infrastructure Levy rates.

IMPLICATIONS

The financial implications are included in this report. There are no legal, social, or environmental implications.

NEXT STEPS

Upon approval of the Preliminary Budget, the Administration will develop an Approved Business Plan and Budget to be released in 2020.

APPENDICES

1. Fees for Waste-Related Services – 2020/2021
2. Water, Wastewater and Infrastructure Levy Rates – 2020/2021

REPORT APPROVAL

Written by: Kari Smith, Interim Director of Finance

Approved by: Kerry Tarasoff, Chief Financial Officer

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