

INFORMATION REPORT

2024/2025 Budget Information Update – August 2023

ISSUE

This report reflects the new budget starting point for 2024 and 2025 following the decisions made at the July 25, 2023 special meeting and additional Administration changes which have impacted the funding gap.

BACKGROUND

At the [July 25, 2023](#) Governance and Priorities Committee (GPC) special budget meeting, Committee made numerous decisions that impacted the 2024 and 2025 projected funding gap.

CURRENT STATUS

The decisions made at the July 25, 2023 meeting resulted in a reduction to the funding gap of \$21,629,400 for 2024 and \$1,588,200 for 2025 and are shown in Table 1.

Table 1 – Adjustments made at July 25, 2023 Meeting

Reductions/future phase-ins approved for inclusion in 2024/2025 Preliminary Business Plan and Budget	2024	2025
SL&P ROI Inflationary Reduction	(\$2,475,000)	\$495,000
Roadway Preservation Inflation	(7,650,000)	1,530,000
Saskatoon Fire Apparatus Replacement Inflation	(577,500)	115,500
Civic Building Comprehensive Maintenance Inflation	(2,014,5000)	402,900
\$0.15/Liter Reduction to Fuel Estimates	(1,050,000)	(1,050,000)
Eliminate Saskatoon Fire Station Phase-In	(1,255,000)	(1,255,000)
Eliminate Transit Service Future Service Phase-in	(208,500)	(208,500)
Eliminate East Leisure Operating phase in	(600,000)	(600,000)
40% reduction to Snow and Ice Phase-In	(644,000)	(644,000)
Eliminate Transit Bus Growth Phase-in	(1,800,000)	-
50% reduction to Negative Contingency Phase-Out	(1,939,600)	-
Increase Parking Rates by \$0.50.hour	(535,000)	-
Increase Parking App Fees	(60,000)	-
Limit City Yards Operations Security Increase to 50%	(64,000)	-
Defer Roadways Maintenance Training Positions	(83,200)	(83,200)
Defer Paved Street and Sidewalk Maintenance Positions	(22,500)	(89,600)
Defer Snow and Ice Management Positions in 2024	(115,300)	-
Defer Street Sweeping Positions	(13,800)	(80,900)
Defer Transportation Services Positions	(106,600)	(75,800)
Limit Snow and Ice Inflation to \$300K & \$350K in 2024/2025	(53,900)	(44,600)
No increase for Street Cleaning and Sweeping Inflation	(122,700)	-
No increase for Transit Bus Stop Snow Removal	(100,000)	-
No increase for Saskatoon Transit Training	(138,300)	-
TOTAL REDUCTIONS	(\$21,629,400)	(\$1,588,200)

DISCUSSION/ANALYSIS

Administration continues to refine estimates, and update 2024 and 2025 revenue and expense projections based upon the most current data available. In reviewing the expected revenue from Provincial Franchise Fees in 2023, Administration determined that the 2024 budget and 2025 budget could be further adjusted by adding an additional \$1,558,100 revenue in 2024 and \$725,000 in 2025.

Saskatoon Transit revenue appears to be recovering faster than originally anticipated in 2023, therefore Administration has increased the revenue projection by an additional \$1,500,000 in 2024. Original budget assumptions were created around a 75% pre-pandemic ridership level which is what Saskatoon had been experiencing for several months. Calculated ridership levels and revenues have increased more than anticipated and are now averaging between 85 and 90% of pre-pandemic levels. Saskatoon Transit continually monitors ridership levels resulting in the additional revenue increase for 2024.

	2024	2025
Budgetary Gap after July 25, 2023 Meeting	29,219,550	20,053,650
Provincial Franchise Fees	(1,558,100)	(725,000)
Saskatoon Transit Revenue Adjustment	(1,500,000)	-
Revised Budgetary Gap	26,161,450	19,328,650

This reduces the estimate for the tax increase that would be required if no mitigation methods were introduced to a new starting point of 8.92% and 6.01% in 2024 and 2025 respectively.

Saskatoon Water/Waste Water Utility

It is important to note that the City’s budget process to date has been focused on the property tax supported budget. Decisions regarding the Utility supported budget, specifically Water and Wastewater rates will still need to be made later this fall and into budget deliberations in November. In January, 2023 the Administration presented a report entitled [Funding Strategy for the Water Treatment Long Term Capital Strategy](#) which outlined a forecasted rate increase requirement in the 3% to 5% range. Continued development of the utility rate model has been ongoing, and the Administration has updated its projection to a revised forecasted rate is approximately 5.5%. This change is primarily attributable to updated inflation estimates for externally procured goods and services including capital improvements to the City’s infrastructure.

The new projected rate, if ultimately approved by City Council, would further reduce the property tax gap by a net amount of \$416,000 in 2024 and \$431,000 in 2025. This improvement is due to the fact that revenue increases for the City’s grant-in-lieu and return on investment formulas would be larger than the increased costs for City-owned facility utility costs. This positive impact has not been included in the City’s funding gap discussions as it is still contingent on a future City Council decision.

It is also important to note that other Administrative reports may include various options such as adjusting the contribution to the Paved Roadways Infrastructure Reserve for inflation and/or increasing the City’s return on investment from the Water and Wastewater Utility. If approved these would have an impact on utility rates above and beyond current 5.5% forecast.

FINANCIAL IMPLICATIONS

The financial implications are included in the body of this report.

OTHER IMPLICATIONS

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

NEXT STEPS

Administration will continue to refine and adjust numbers for the budget book that will be presented at the November 28, 2023 2024/2025 Business Plan and Budget meeting. Any significant changes to the funding gap will be brought forward as part of the 2024/2025 budget discussions.

REPORT APPROVAL

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