DECISION REPORT

Corporate Governance and Finance Business Line

ISSUE

As the City of Saskatoon (City) heads into its planning for the 2024 and 2025 Business Plan and Budget Cycle, there continues to be several budgetary pressures the City is facing. This report will provide information on the Corporate Governance and Finance Business Line.

This process has been established so that City Council can provide early direction to the Administration, on what to include in the 2024/2025 Preliminary Business Plan and Budget which will be considered by City Council in November 2023 during the 2024/2025 Business Plan and Budget deliberation meeting.

BACKGROUND

At its March 15, 2023 meeting when considering the 2023-2025 Budgetary Pressures and Trends Report, Governance and Priorities Committee (GPC) resolved in part:

> "That Administration report back on a potential special budget meeting process to address some of the budgetary challenges and pressures for the upcoming two-year budget cycle. That this report include recommendations on using the existing Governance and Priorities Committee/Finance Committee meeting schedule vs. having special budget/Finance committee meetings and recommendations for organizing these special budget meetings based on departmental budgets or based on service lines or some combination."

At its April 12, 2023 meeting when considering the 2024/2025 Business Plan and Budget Process Report, GPC resolved:

> "That Option 3 be approved, and the City Clerk's office be directed to schedule Special Budget Meetings for the presentation of Business Line-based reports if the Governance and Priorities Committee Capacity does not exist as outlined in the April 12, 2023 report of the Chief Financial Office."

CURRENT STATUS

The multi-year business plan and budget process includes the following key steps:

1. Develop the cost to maintain existing services considering city growth, inflation pressures, and updated revenue estimates. This step is also used to present and discuss required corrections of base budgets and phase-in of funding plans.
2. Provide a summary of the information from Step 1 to GPC.
3. Use cross-divisional teams to discuss City Council's strategic priorities and develop options to achieve these priorities.

4. Present a list of Business Plan Options to City Council for prioritization.

DISCUSSION/ANALYSIS

Each business line report presented through the Governance and Priorities or through the Special Budget Meetings will have the same general outline to provide information to City Council. The categories in each report will be:

1. Expenditure Overview
2. Service Level Review
3. Pandemic Challenges
4. 2024/2025 Pressures
5. Potential Options

Additionally, if the business line has Business Plan and Budget Options for operating that will be presented at the August 2023 GPC meeting there will be a summary of these items that are not included within the 2024 and 2025 Budget Status Update report that was presented at the June 14, 2023 GPC.

Appendix 1 includes the information for the Corporate Governance and Finance business line. The Corporate Governance and Finance Business Line includes:

1. Assessment and Taxation
2. City Clerk's Office
3. City Solicitor's Office
4. City Manager's Office
5. Corporate Support
6. Debt Servicing
7. Financial Services
8. General Services
9. Legislative
10. Revenue Services
11. Service Saskatoon

OPTIONS

Appendix 1 provides the full information regarding the options available to Committee.

Option 1 - Reduce Payroll Expenditures

Option 2 - Reduce Fusion Operating Phase-In

Option 3 - Deferral/Exemption for the City from the Storm Charge

Option 4 - Defer Information Technology Reserve Increase

Option 5 - Defer New Property Tax Funded Positions

Option 6 - Increase Contribution to Paved Roadways Infrastructure Reserve from the Water and Wastewater Utilities

RECOMMENDATION

That the Governance and Priorities Committee direct Administration to include the following options in the 2024/2025 Preliminary Business Plan and Budget:

1. Reduce Payroll Expenditures;
2. Reduce Fusion Operating Phase-In;
3. Deferral/Exemption for the City from the Storm Charge; and
4. Deferral of Information Technology Reserve Increase.

RATIONALE

The provided recommendations aim to strike a balance in addressing the significant cost pressures the City is facing heading into 2024/2025 with a more reasonable property tax increase. While there are implications to the provided recommendations to service levels and increases in user fees, the Administration believes it provides reasonable options to lessen the financial impact included in the 2024/2025 budget.

FINANCIAL IMPLICATIONS

The financial implications of this business line will be deliberated at the 2024/2025 Business Plan and Budget Deliberations meeting.

OTHER IMPLICATIONS

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

NEXT STEPS

Any direction from Committee on this report will be incorporated into the 2024/2025 Business Plan and Budget process. Decisions for 2024/2025 Business Plan and Budget will be made by City Council during the budget deliberation meeting which will be held on November 28-30, 2023 where the budget implications of all business lines will be deliberated.

APPENDICES

1. Corporate Governance and Finance Business Line

REPORT APPROVAL

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Approved by:	Jeff Jorgenson, City Manager

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Corporate Governance & Finance Business Line

The 2023 Budget for the Corporate Governance & Finance Business Line included $82.38 million in expenditures and $9.35 million in operating revenues. The remaining costs of $73.03 million are funded by general revenues including property taxes.

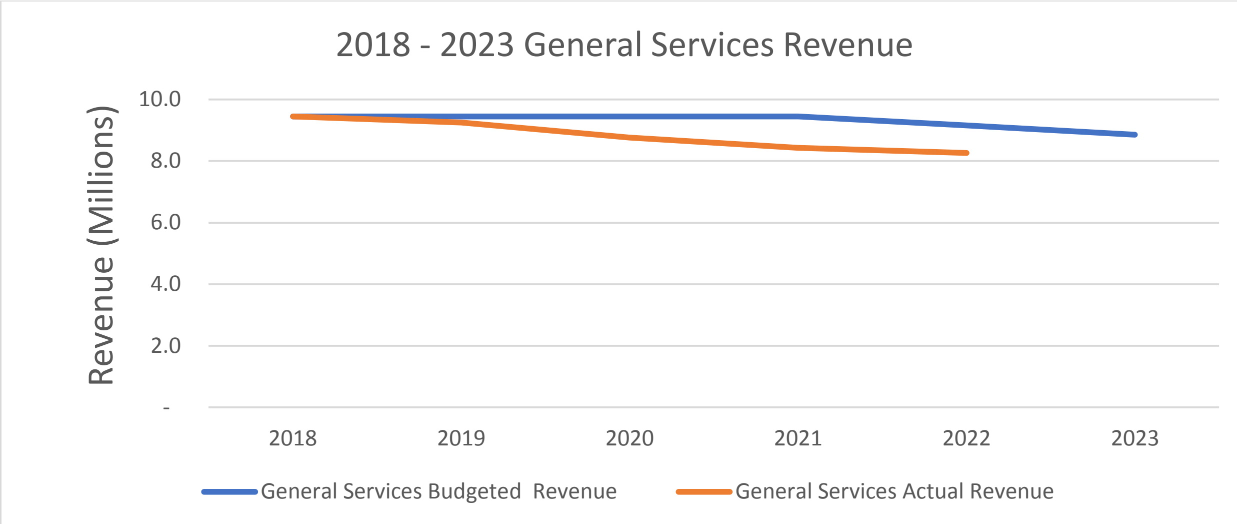
Revenue Overview

In 2023 the Corporate Governance & Finance Business Line was budgeted to generate $9.35 million in operating revenue. $8.86 million comes from General Services, which is approximately 95% of all operating revenue in this Business Line. A full breakdown of operating revenue can be seen below.

Service Line	2023 Op Rev (in millions)	% of Overall Op Rev.
Assessment & Taxation	$0.01	0.11%
City Clerk's Office	$0.03	0.36%
City Solicitor's Office	$0.33	3.48%
Corporate Support	$0.08	0.83%
General Services	$8.86	94.79%
Revenue Services	$0.04	0.43%
Corporate Governance & Finance Business Line	**$9.35**	**100.00%**

As outlined above General Services Revenue is one of the biggest operating revenue sources in this Business Line. This revenue is from administrative recoveries from areas such as the Civic Utilities, and Saskatoon Public Library as well as funding of $6.0 million from Water and Wastewater Utilities that goes directly to a contribution to the Paved Roadways Infrastructure Reserve in an attempt to account for the negative impact that water, sewer and storm sewer systems have on roadway structures.

Revenue has been decreasing in this Service Line since 2019, due to the adjustment of the administrative recovery from the Water Utility. In 2019 to 2021, the administrative recovery was reduced within the Water Utility, but a corresponding increase in Return on Investment was given, however the budget within Corporate Governance and Finance was not reduced accordingly in those years. The budget reduction within Corporate Governance and Finance has been phased-in over a four-year phase-in with 2024 and 2025 being the last two years of this phase-in. Revenues are shown below:



Expenditure Overview

The two largest service lines, Corporate Support ($27.19 million) and Debt Servicing ($27.48 million) make up approximately 66% of all expenditures within this Business Line. An overview of all the service lines 2023 operating expenditures can be seen below:

Service Line	2023 Op. Exp. (in millions)	% of Overall Op. Exp.
Assessment & Taxation	3.34	4.05%
City Clerk's Office	3.50	4.25%
City Manager's Office	0.75	0.91%
City Solicitor's Office	2.55	3.09%
Corporate Support	27.19	33.01%
Debt Servicing	27.48	33.36%
Financial Services	3.30	4.00%
General Services	8.95	10.86%
Legislative	1.84	2.24%
Revenue Services	2.50	3.04%
Service Saskatoon	0.98	1.19%
Corporate Governance & Finance Business Line	**$82.38**	**100.00%**

Corporate Support is a relatively broad Service Line and includes areas like Finance, Information Technology and Human Resources. A full breakdown of the Service Line can be seen below:

Corporate Support Summary		
Cost Centre	**2023 Op Exp (in million)**	**% of Overall Op Exp.**
Race Relations, Indigenous Initiatives, & EDI	0.72	2.64%
Communications and Public Engagement	1.60	5.88%
Strategy & Transformation	1.40	5.15%
Human Resources	5.99	22.03%
Supply Chain Management	1.29	4.74%
Information Technology Support	11.19	41.15%
Operational Support	5.00	18.39%
Total	**27.19**	**100.00%**

General Services encompasses corporate expenditures like the negative global contingencies/targeted savings, banking and audit services, transfer to the Reserve for Capital Expenditures (RCE) as well as working capital interest which is the payment of interest to the Utilities and Saskatoon Land for interest earning on ongoing cash balances.

General Services Summary		
Cost Centre	**2023 Op Exp (in million)**	**% of Overall Op Exp.**
Banking Services	0.15	1.68%
Corporate Payroll and Other Expenditures	5.01	55.98%
Internal and External Audit	0.71	7.93%
Working Capital Interest	1.12	12.51%
Transfer to RCE Reserve	1.96	21.90%
Total	**8.95**	**100.00%**

Another way to look at this information is by Budget Category. As seen below in the Corporate Governance & Finance expenditures most expenses relate to Wages and Benefits (net of cost recoveries) (39.97%) and Finance Charges (52.89%):

Budget Category	**2023 Budget (in millions)**	**% of Overall Expenses**
Wages & Benefits (net of cost recoveries)	$32.93	39.97%
Contracted & General Services	$16.45	19.97%
Utilities	$0.45	0.55%
Donations, Grants, Subsidies	$0.09	0.11%
Materials Goods & Supplies	$2.85	3.46%
Transfers to Reserve/Capital	$(8.83)	-10.72%
Contributions to Capital	$0.05	0.06%
Transfer to other operating	$(0.49)	-0.59%
Finance Charges	$43.57	52.89%
Other Expenses	$(4.69)	-5.69%
Total Expenditures	**$82.38**	**100.00%**

A couple of additional key observations are:

- 53% of all wages and benefits for the Corporate Governance & Finance Business Line relate to the Corporate Services Service Line, with the second largest contributor to wages and benefits being the General Services Service Line at 18%. These service lines include services such as Human Resources, Information Technology, Supply Chain Management, Communications and Indigenous Initiatives.
- 97% of all Finance Charges for the Corporate Governance & Finance Business Line are for Debt Servicing.

Overall, since 2018, the expenditures in the Corporate Governance & Finance Business Line (excluding the negative contingency/targeted savings changes which would artificially lower the growth) have grown by 16.35% over the past five years or an average of 3.27% per year. For context, Saskatoon's population growth (Per Stats Canada Table 17-10-0142-01) plus Consumer Price Index Inflation (Per Stats Canada Table 18-10-0005-01) over this same period was 26.69% or 5.34% per year.

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

- 35.86% increase in Corporate Support from 2018 to 2023:
  - 2020 saw the most significant increase (13.85%) mainly due to Human Resources transformational strategy whereby $912,000 was transferred to Human Resources from other operating areas and $482,100 in new funding was provided to focus on developing capacity to support a strategic approach to Human Resources and Leadership Development within the organization.
  - 2022 saw an 8.94% increase mainly for a variety of positions to support the public and organization including:
    - 9.0 Supply Chain Management positions to centralize and optimize the City's procurement process. These positions had no mill-rate impact as they were paid through a cost recovery model within existing operations;
    - 7.0 Information Technology positions for continued security enhancements, project management services and mobile program administrators;
    - 2.0 positions for the Reconciliation, Equity, Diversity and Inclusion Manager and Indigenous Employment Coordinator;
    - 2.5 Communication positions for a Public Engagement Advisor, Communications Consultant and Public Engagement Consultant; and
    - 1.7 positions for a Parks Operations Manager and Customer Service Support Manager.

- 35.61% increase in Revenue Services from 2018 to 2023:
  - This increase is mainly due to a 23.64% increase in Revenue Services budget in 2020 budget from the transfer of 4.0 positions from the Assessment & taxation Service Line, which saw an equal reduction, to better align work functions.
- 30.05% in City Clerk's Office from 2018 to 2023:
  - The increase is mainly related to two areas. The first is additional staffing, with 1.0 FTE added in 2019 for an Elections Manager, 1.0 FTE added in 2019 for a second Councillors' Assistant, and 1.0 FTE in 2020 for a Corporate Records position. The second area is additional investment made into the City's Record Management Systems in 2018, 2019, and 2020 which saw increases of 29.43% due to licensing costs during this time.
- 34.04% increase in Service Saskatoon from 2018 to 2023:
  - This increase is mainly due to an additional 1.0 FTE for a Customer Services Manager in 2022 to help manage the operations of the 24/7 Customer Care Centre along with licensing costs for the Hosted Contact Centre and a reduction in cost recovery charges.

Service Level Overview

Service levels are a key driver for the City's expenditure requirements. The following section provides an overview of the only key service level for this Business Line, Service Saskatoon. It is built on delivering services that will help citizens connect to answers and information – quickly, simply and seamlessly. Delivering consistent reliable service could result in an increase in expenses to ensure these levels are consistently delivered as designed and promoted.

Service Saskatoon		
Service	**Sub-Service**	**2023 Service Level**
Customer Service	Customer Care Centre	24/7 customer support through phone and email channels.
	Customer Care Kiosk (Lobby City Hall)	In person customer support and social media responses: Monday - Friday 8-5
	Service Ambassadors Training	Culture of Service Level 1 - 1 day workshop, Culture of Service Level II - 1 day workshop, Creating an Exceptional Customer Service Team - half-day workshop, Customized Customer Service Training - 2-to-3-hour workshop

	Councilor Inquires	Corporate support for Council and Mayor's office inquiries. Direct emails from Mayor and Council or citizen generated via web forms. Mon-Fri 8-5
	Website - saskatoon.ca	24/7 access to online services and program information

Pandemic Challenges

The biggest impact to the Corporate Governance and Finance budget during the pandemic was the phase-in of negative contingency which reached a peak of $6.97 million in the 2022 budget. A 1.00% property tax equivalent in 2021 ($2.56 million) and 2022 (2.60 million) were added to the budget to minimize the property tax impact during the pandemic. Even though the Administration was able to find some savings as reported, the savings were not enough to offset the contingency targets, which compounded the existing base budget gaps in some areas. The targeted savings/negative contingency was partially phased out in 2023 ($1.28 million), however $5.69 million remains in the budget in 2023.

As directed at the July 25, 2023 Special Budget meeting when considering the 2024/2025 Budget Inflationary & Phase In Decisions it was directed to prepare the 2024/2025 budget with a further $1.9 million reduction which would bring the 2024 and 2025 budgeted target negative contingency to $3.79 million.

In addition, the 2023 budget also included $1.0 million in pandemic related expenditures for items such as increased cleaning, personal protective equipment, and IT requirements to enable a work from home/hybrid approach. This expenditure has been removed from the 2024 budget projections.

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 expected significant pressures are:

- The City's Assessors Office includes $192,200 in 2024 and $65,100 in 2025. The 2024 increase includes an Assessment Appraiser ($100,300) because of growth. The Assessment office has not had an additional resource added since at least 2014 while the total number of properties on the assessment roll have increased from 95,792 in 2019 to 100,462 (4.9%) in 2022 and appeals have increased from 1,342 in the 2017 reassessment cycle to 2,277 (69.7%) in the current cycle with one year remaining. The additional resource would enhance the assessment office's ability to ensure assessments are created and defended as per legislated timelines and allow for the new resource to be put towards increasing growth and accuracy of the roll inventory. The remaining increases are for inflationary items such as postage, software and licensing increases.

- The City Clerk's office is forecasting the need for a $178,900 increase in 2024 and $10,000 in 2025. The increase in 2024 is largely due to a requested additional Access and Privacy Officer which is almost 100% funded by property tax.
    - The Access and Privacy Officer position is needed due to growth in three aspects of access and privacy. There is currently one dedicated privacy role for the City of Saskatoon.
        - The first area of growth is in the volume and complexity of requests coming in from the public and other levels of government. As there becomes more familiarity with the program the City is seeing a greater volume of requests. 2023 year to date is already close to exceeding the entirety of 2022 (366 in 2022, 355 to July 26, 2023). The type and detail of requests being received has also changed, along with a standard expectation that is now higher as public understanding of the legislation evolves and oversight grows.
        - The second area of increase is in education and awareness for staff and privacy impact assessment services for City departments. As the program becomes more visible there is increased volume of questions and privacy reviews, which requires additional resources to keep up with demand. Mandatory training for all staff in response to an external audit and a substantial privacy breach that drew the attention of the Office of the Privacy Commissioner also are currently managed by the one existing resource.
        - The third area are breaches themselves, and the required detailed response. Privacy breaches have always occurred but may not have been recognized or reported.
- Corporate Support includes a $4.51 million increase in 2024 and $1.78 million increase in 2025.
    - The largest portion of the 2024 increase related to $2.89 million for Information Technology (IT) which includes $1.4 million for Microsoft Licenses which was previously reported on (IT Structural Deficit). Other 2024 IT related increases include:
        - $152,000 for the support of IT infrastructure and IT staff technology equipment. The majority is for IT infrastructure maintenance, and expansion of IT network capabilities to support current and changing program needs. (ie. Expanding connectivity capabilities to new facilities like Fire halls or BRT or existing facilities like Forestry Farm or Recovery park).
        - $137,000 for an Applications Coordinator. The City has a growing inventory of business applications, well over 1000 exist today and it continues to grow. Business applications are assets that require lifecycle management. Currently there is one permanent

application coordinator and one temporary, this request is for 1 FTE to transition the one application coordinator from temporary to permanent. Each has 12 direct reports supporting a variety of business applications and the overall coordination and management of the business application portfolio.

    - $387,900 for the growing number of Microsoft licenses and inflation, to address a structural deficit for 24/7 standby service for network and system support of critical infrastructure in operational areas such as leisure centers, fire, communications and finance. This also includes increases in VOIP licensing costs for teams Voice.
    - $362,900 for current GIS licensing requirements, to address a structural deficit and an increased cost forecasted for an upcoming contract renewal. This includes 1.0 FTE to transition a temporary GIS programmer analyst to permanent. The City's GIS usage and dependence on GIS data to provide core services across many operating areas is growing. GIS data mapping supports public and internal communications, asset tracking and maintenance, outages, and service requests. Predictive modelling using the same data provides information used to predict response times, and maintenance events.
    - $453,000 for enhancements to the City's cyber security program. This increase would include $113,000 for a Cyber Security Analyst and $340,000 for program improvements.

- The 2025 Information Technology increases are forecasted at $717,500 and are mainly to further the Cyber security program, maintain the ability to deliver City priority initiatives, and address inflationary and growth pressures on the City's required system licenses. Some of the largest items are:
    - $137,000 for a temporary Project Manager position to be made permanent. An IT project manager works on Business technology initiatives across the organization where the ongoing demand continues, examples include (ie. waste utility, corporate payment, and land management system). Project manager continuity results in timely and effective project implementation.
    - Further $379,000 increase for the City's Cyber Security Program which would include 2 FTE's for a Cyber Security Analyst and Programmer Analyst as well as $170,000 for additional program improvements.
- $917,800 in 2024 and $724,700 in 2025 to support the ongoing sustainment requirements for the ERP/SAP implementation. As previously reported, the new system has brought forward new modern processes and significant improvements to the City's automation and control environment. However, the new system has also brought forward

the need for new skillsets and resources to properly maintain the control and process environment. Currently the funding for these ongoing requirements is relying on reserve contributions and these allocations begin to transition to a more sustainable operating model while freeing up resources within the reserves for their originally intended purposes.
  - $233,800 for Human Resources in 2024 and $2,800 in 2025. The majority of the 2024 expenditures ($230,700) relate to the City's Mental Wellness program. Specifically, $140,700 for a City's Mental Wellness Consultant and $90,000 for programming requirements. This program was previously piloted by City Council in the 2022/23 multi-year budget cycle and funded through a Reserve for Capital Expenditures allocation and this allocation would make the program permanent.

- Debt Management includes an increase of $1.52 million in 2024 and $1.48 million in 2025. This allocation includes:
  - $550,000 and $510,000 phase-in for the City's Bus Rapid Transit capital allocation in 2024 and 2025 respectively; and
  - $966,700 million allocation in both 2024 and 2025 which includes $805,700 to allocate towards the repayment of the City's 2022 Emergency Snow Removal Response as well as $161,000 to build a base for future events and responses.
- Financial Services includes $301,800 increase in 2024 and $91,700 in 2025.
  - The 2024 allocation includes one new additional resource ($91,700) for a Staff Accountant. This position will be utilized to provide financial analytical support for the Corporate Support areas such as Human Resources, Strategy and Transformation, Indigenous Initiatives, IT and Communications which currently does not have dedicated analytical financial support. They would provide statistical and analytical information, reconcile general ledgers, assist with variance and budget reporting, help lead the areas through the annual Business Plan & Budget process, review business processes and recommend improvements. The remaining increase is for position re-classifications and the repurposing of positions within the Finance team.
  - 2025 also includes one additional resource for a Staff Accountant ($91,700) for Fire Services. This additional support addresses the ability to provide analytical financial data to better enable Saskatoon Fire to make informed financial decisions. The current Accounting Clerk who supports Fire is fully consumed by the day-to-day accounting needs of Fire and has no time to help with analytical reviews.
- General Services is forecasting a $4.61 million increase in 2024 and $946,800 increase in 2025. The main increases in 2024 are due to:
  - $1.94 million reduction in the City's negative contingency which is currently being held within the budgeted as annual targeting efficiencies and savings. This reduction would partially remove the additional

amounts that were added throughout the pandemic and leave $3.75 million in 2024 and 2025 as an Administrative target.

- $3.08 million increase in general payroll expenses as it relates to CPP, EI and WCB. Most of this increase ($2.24 million) is due to the changes within the federal CPP program. While budgets were increased slightly from 2018 to 2023, the impacts of the rise in contributions from 4.95% to 5.95% as well as the increase in the earnings upper limit, which Revenue Canada moved from $55,900 to $67,700, have been more significant. In addition, 2024 will see additional CPP changes including new contributions of 4.00% for earnings between $67,700 and $72,400. The remaining increase is due to a $150,000 increase in the City's contribution to the Employee and Family Assistant Program based on collective agreements and increases to the City's WCB and EI contributions to align budgets to actuals and account for some contribution changes to those programs.
- This also includes a $185,000 increase to phase-in the City's contribution to the Annual City Storm Utility per the bylaw. When charges for Equivalent Runoff Units (ERU) were established, City properties were subject to the new utility costs, however proper funding was never built into the operating budget to contribute on behalf of City properties.
- 2024 also includes a reduction of $1.0 million in expenditures which were previously being held for Pandemic related expenditures such as increased cleaning and personal protective equipment.

An increase in General services in 2025 of $946,800 is mainly due to $550,700 in general payroll expenditures to account for the increase in earning ceilings for CPP and EI which are scheduled to increase. There is also a phase-in of $297,400 for the final year of adjustments to bring the recoveries from Water and Wastewater Utilities into line with current recovery rates and $90,000 increase related to the City's storm program to account to continue the phase in for the storm charges.

Potential Options:

If all of the options presented in this report, along with the options previously presented in the 2024/2025 Budget Inflationary & Phase-in Decisions report, were approved it would reduce the Corporate Governance and Finance Business Line by the following:

Corporate Governance and Finance 2024/2025 Budget Options Impact		
	2024	**2025**
Options from the 2024/2025 Budget Inflationary & Phase-in Decisions **Report**	$2,774,600	$805,000
Recommended Options Included in this report	$690,500	$340,000
Other Options Included in this report	$2,508,700	$521,600
Total Options	**$5,973,800**	**$1,666,600**

Reductions recommended in the 2024/2025 Budget Inflationary and Phase-in Decision impacting this Business Line include:

- Removal of 50% of the Snow & Ice Phase in in 2024 and 2025 ($805,000 per year) to repay the 2022 Emergency Snow Event Response and build a base for future events; and
- A 50% reduction in 2024 to the originally included $3.9 million reduction to the negative contingency/targeting savings amount included in the 2023 budget. This 50% reduction is equivalent to $1.939 million.

An overview of all recommended options as well as options that could further reduce the funding gap are provided below.

Recommended Options

Option 1 – Reduce the Payroll Expenses Estimates by $200,000 in 2024 and Re-Evaluate in Future Years

Included in the forecasts are $3.08 million in additional payroll costs mostly to account for 2018 – 2024 changes in the CPP program that were more significant than originally budgeted for. While we know there is catch-up to do to align the budget to actuals, the impacts from these changes and others (WCB & EI) are still based on assumptions and estimates. There is the option to take on additional risk within the budget and reduce the request by up to $200,000 to account for the uncertainty in some of the estimates. There is the potential impact that this could add to the financial pressures in 2024 and be required to fully or partially be added back at some point in the future.

Option 2 – Reduce the Fusion Operating Phase-In by $250,000 in 2024 and 2025 and Continue to Rely on Reserves for the Fusion/SAP Program

Included in the budget is $917,800 in 2024 and $724,700 in 2025 to reduce the reliance on capital reserves for the continued sustainment of the City's Fusion/SAP program. The current funding strategy continues to rely on capital reserves for approximately $4.0 million per year. While there are expected benefits to capital programming from the implementation of a more proactive data-driven Enterprise Asset Management approach there is also the cost to manage and sustain the infrastructure and processes. There is the option to reduce these phase-ins and allocations and continue to partially rely on capital reserves for funding. In the short-term this indirectly impacts those reserves' ability to maintain their purchasing power and associated service levels, therefore Administration would recommend if this option were sought, the 2024 and 2025 contributions be reduced by $250,000 in each year.

Option 3 - $185,000 in 2024 and $90,000 in 2025 Deferral/Exemption for the City from the Storm Charge

$185,000 in 2024 and $90,000 in 2025 is included in the budget projection to account for City facilities and their appropriate Equivalent Runoff Units (ERU) charge as per the

Storm Utility Bylaw. City Council has the option to defer a portion or all of this payment, which would essentially mean property tax supported facilities would be exempt from the ERU charge until a point where this funding is phased in. The impact of this is that the Storm Utility would receive less funding for 2024 and 2025 work.

Option 4 – 50% or $55,500 Deferral of Information Technology Reserve Increases

Deferral of increases to Information Technologies' contributions to the System Develop Reserve and Unified Communication reserve would save approximately $55,500 in 2024. However, this would place increased risk on the City's Information Technology infrastructure as the purchasing power of these reserves would be reduced in 2024 and 2025 which would reduce the number of core system projects.

Options that Could Further Reduce the Funding Gap

Option 5 – Deferral of New Property Tax Funded Positions

Option 5A – Defer the Assessment Appraiser Position in 2024
Deferral of the Assessment Appraiser ($100,300) would continue to put pressure on the Assessment Team to create and defend assessments. The office has not seen an increase in staffing in the past decade and has seen the assessment roll increase by 4.9% over the past five years and appeals increase 69.7% over the last two reassessment cycles. Without additional resources the office's ability to inspect properties to maintain the accuracy of the assessment roll would continue to erode potentially resulting in lost revenue as assessment changes and increases are missed.

Option 5B – Defer the City's Mental Wellness Consultant in 2024
Deferral of the City's Mental Wellness Consultant ($140,700) would mean that the City's proactive mental health program would be largely discontinued, as this is currently run by 1.0 FTE funded by a RCE allocation. Mental health programming cannot be ignored, so if unfunded the Administration would need to pursue reallocating current resources in order to sustain some level of mental health programming. The ability to reallocate within current resources would still fall short of the basic recommended requirements for mental health programming, but physical safety would continue to be the primary focus from a safety perspective.

Option 5C – Defer the Staff Accountant Position for Corporate Support in 2024
Deferral of the Staff Accountant ($91,700) would mean that the support for the Corporate Support sections will continue to fall to the Senior Financial Business Partner. Due to the broad portfolio, Corporate Support services such as IT, Communications, Corporate Revenue and Strategy and Transformation have received a limited level of service impacting their ability to understand and utilize their financial data to improve decision making. If not approved, the current approach will continue, and Corporate Support will continue to receive limited financial support.

Option 5D – Defer the Staff Accountant Position for Saskatoon Fire in 2025
This option would result in deferral of the Staff Accountant ($91,700) for Fire Services. Without this position, analytical work that will help guide the direction of Saskatoon Fire

will continue to fall to the Accounting Coordinator and Senior Financial Business Partner who also oversee the entire Community Services Portfolio in addition to Fire Services. These positions have reached a point where they are not able to take on additional work for Saskatoon Fire and the amount of financial support Saskatoon Fire receives would revert to being transactional only (Payroll, Accounts Payable, etc.) and any analytical work such as overtime analysis, financial forecasting, modeling and budgeting would be limited.

Option 5E – Defer the Customer Service Representative in Corporate Revenue in 2024
Deferral of the Customer Service Representative in Corporate Revenue would save $32,300 from the property tax since Utility Services pays most of the $77,200 total FTE cost. Corporate Revenue has not added a Customer Service Representative since 2016, since this time the City has seen a 7% increase in open utility accounts as well as additional complexities such as the addition of recycling, organics and waste utilities as well as numerous deferral programs (lead line replacements, HELP, etc.). This growth and increase in complexities have increased the typical call length from 3.5 minutes in 2017 to over 5 minutes today. If this position is deferred the City will continue to see customer wait times increase as the team is dealing with a growing number of inquiries which are more complex in nature with a team that hasn't grown since 2016.

Option 5F – Defer the Staff Accountant for Corporate Revenue to Manage the City's Deferral Programs in 2025
Deferral of the Staff Accountant for Corporate Revenue in 2025 would reduce the 2024 funding gap by approximately $93,900. This position currently exists as a temporary position being funded through capital and operating savings and is largely utilized for the administrative requirements for the City's deferral programs. Expansion of deferral programs as well as increased use in recent years have put increased pressure on the need for this position. If deferred, the existing team would not be able to adequately deliver the administrative requirements for the City's deferral programs potentially resulting in delays and increased risk of errors.

Option 5G – Defer the Access and Privacy Office Position in 2024
Deferral of the Access and Privacy Officer in 2024 would reduce the funding gap by approximately $102,700. This position will increase capacity to respond to access to information requests which are doubling year over year. If deferred, the ability to respond to information requests within legislated timelines will be at risk. Additionally, response time for privacy breaches will be impacted.

Option 5H – Defer the IT Applications Coordinator in 2024
Deferral of the IT Applications Coordinator in 2024 would reduce the funding gap by approximately $137,000. The City has a growing inventory of business applications, now over 1000, that require lifecycle management. Business applications are a growing asset that requires planning and coordination to minimize and reduce costs, maximize utilization of existing applications, address evolving business needs, avoid duplication across the organization and manage end of life transitions. If this position is not included, the permanent application coordinator would continue to have 24 direct

reports and an impeded capacity to manage the overall application portfolio. This increased investment is required in order to reasonably sustain the customer-focused applications as the City continues to modernize and to minimize licensing costs for the City.

Option 5I – Defer the IT GIS Programmer Analyst Position in 2025

Deferral of the IT GIS Programmer Analyst in 2025 would reduce the funding gap by approximately $97,500. The City's GIS usage and dependence on GIS data to provide core services across many operating areas is growing. GIS data mapping supports public and internal communications, asset tracking and maintenance, outages, and service requests. Predictive modelling using the same data provides information used to predict response times of emergency services, and maintenance events.
If this permanent position is not included, it would reduce the ability to deliver data analytic services, applications and informational maps the City relies upon.

Option 5J – Defer the IT Project Manager Position in 2024

Deferral of the IT Project manager in 2024 would reduce the funding gap by approximately $137,000. The Project Manager enables the delivery of priority organizational initiatives involving technology for the City. This budget request is to make a temporary position into a permanent position. If this permanent position is not included, it would reduce the number of key City project initiatives the team can deliver annually and significantly increase the risk in the retention of this highly sought after skill set.

Option 5K – Defer the Cybersecurity Positions in 2024 and/or 2025

Deferral of the Cybersecurity Analyst in 2024 would reduce the funding gap by approximately $113,000 and deferral of the additional Cybersecurity Analyst and Programmer Analyst in 2025 would reduce the 2025 budget by $209,000. Cyber-attacks have increased worldwide. The City, along with other public entities, is experiencing an increased level of attacks and needs to take additional proactive measures to prevent risks. Additional information can be provided *in camera* on the risks of deferring these positions if needed.

Option 5L – Defer the Customer Care Agents in 2024

Deferral of the 2.0 FTE for the Customer Care Agents in 2024 would reduce the budget ask by $154,000. This budget request is to make two temporary positions into permanent. The Customer Care Agents provide front-line support as a point of contact within City Hall as well as providing 24/7 support to citizens. If these positions were deferred, the customer care centre would move away from 24/7 operations towards alternate schedules with reduced service levels that would impact core services such as water & sewer services, service outage responses, weather events and road closures.

Option 5M – Defer Administrative Coordinator in 2025

Deferral of the 0.50 FTE for the Administrative Coordinator in 2025 would reduce the funding gap by $29,500. There is currently 0.50 FTE existing for an Administrative Coordinator within the Indigenous Initiatives department. An additional 0.50 FTE has been requested to continue to support work around Reconciliation Saskatoon and Saskatoon Survivors Circle. Without this position the additional work will go to the Truth and Reconciliation Coordinator who will not be able to focus the work internally for the City to increase the impact and outcomes towards reconciliation and treaty implementation.

Option 6 – Increase the contribution to the Paved Roadways Infrastructure Reserve from the Water and Wastewater Utilities by up to $1.5 million

At the 2014 Preliminary Corporate Business Plan meeting (page 186) held on December 3, 2013, an ongoing $6.0 million was added to the budget as a transfer from the Water and Wastewater Utilities and each year is transferred to the Paved Roadways Infrastructure Reserve. This amount has been consistent over time and has not increased with inflation. The report titled 2024-2025 Budget Inflationary & Phase-In Decisions at the July 25, 2023 Special Budget Meeting details the inflation issues being experienced through the Roadways Preservation program of $10.2 million in 2024.

Option 2 of that report recommends a reduction of $7.65 million in 2024 which would leave an increase of $2.55 million to the Paved Roadways Infrastructure Reserve and Committee resolved that item be included within the 2024/2025 Preliminary Business Plan and Budget. City Council could increase the contribution from the Water and Wastewater Utilities by $1.5 million towards this reserve and thereby reduce the amount of funding that would be needed through a property tax increase. Currently the Water and Wastewater Utilities contribute $18.30 million through the Return on Investment (ROI) of 10% of metered and fixed revenue as resolved with item 9.10 of the 2016 Business Plan and Budget meeting on November 30, 2015 (which is inclusive of the $6.0 million for the Paved Roadways Infrastructure Reserve).

If this option is chosen, as well as Option 2 that was directed at the July 25, 2023 special budget meeting, this would mean that of the additional $2.55 million to the Paved Roadways Reserve in 2024, $1.05 million would come from property taxes and $1.50 million would be from the increased utility contribution resulting in a mill rate reduction of $1.50 million. An increase to the contribution by the Water and Wastewater Utility would require an increase to the Utility rates charged in 2024. An increase of approximately 0.89% would be needed to the utility rates for this increased contribution of $1.50 million. Because of the utility revenue increase there would be an additional positive impact on the mill rate through increased ROI which would be partially offset by increased water expenditures for civic operations, for a net positive ROI impact of $75,000.