

Proposed Amendments to Landfill Replacement Reserve, Bylaw No. 6774, Capital Reserve Bylaw

ISSUE

The Landfill Replacement Reserve (LRR) is funded through a fixed base provision as well as a rate per tonnage charge for disposal of waste at the landfill. Because of the 3% reduction to capital reserves made through the 2024/2025 Budget Deliberations and that the contribution to the LRR can vary from the budgeted amount, Administration is proposing that [Bylaw No. 6774, The Capital Reserve Bylaw, 1993 \(“Bylaw No. 6774”\)](#) be amended to reflect a revised base funding provision and also to allow this reserve to go into a negative balance for a limited time.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that the City Solicitor be requested to prepare the appropriate bylaw amendments to the Landfill Replacement Reserve within Bylaw No. 6744, The Capital Reserve Bylaw, 1993 as outlined in this report.

BACKGROUND

Bylaw No. 6774 only allows reserves to be in a deficit balance if specifically provided within the Bylaw. Currently the LRR is not a reserve where a deficit balance is allowable by Bylaw No. 6774.

At the 2024/2025 Budget Deliberation meeting held on November 28, 2023, while considering [Capital Reserve Contribution Reductions](#), City Council resolved in part:

“That there be a 3% reduction of contributions to all capital reserves impacting the mill rate, with the exception of Saskatoon Fire and Roadways Preservation, for 2024.”

DISCUSSION/ANALYSIS

As per Bylaw No. 6774, the LRR is funded as follows:

“This Reserve shall be funded annually from an authorized provision in the City’s Operating Budget consisting of a base provision of \$410,000.00 and a further provision at a rate per tonne charge fixed by Council on the disposal of waste at the City’s landfill site.”

In 2024 the amount of the provision was reduced by \$78,200 to \$331,800 due to the overall 3% reduction. Because of this change and any required future potential changes to this reserve, Administration is proposing that the set dollar amount for the base provision be changed within Bylaw No. 6774 to reflect that the base provision would be funded from an authorized provision in the City’s Operating Budget. This is similar wording to many other reserves within the Bylaw.

In addition to the base contribution, this reserve receives a rate per tonne charge throughout the year. The actual funding received as part of this provision varies depending on the tonnages in that year. This means that the budgeted amounts may differ from the actuals received and may cause the reserve to enter a negative balance as capital projects would already be approved for that budget year. Additionally, the reserve receives funds throughout the year as tonnes come in instead of the beginning of each year and therefore the LRR may go into and out of deficits at certain points throughout the year.

In 2023, it was expected that the charge per tonne would amount to \$2.39 million, however actual fees received were \$2.30 million. With the difference between budget and actual as well as the 3% overall reduction, it is projected that the balance in the LRR could be in a negative balance by the end of 2024 and return to a positive balance in 2025.

Administration proposes that the following amendments be made to section 40 of Bylaw No. 6744:

- Amend subsection (2) by replacing “of \$410,000” with “funded annually from an authorized provision in the City’s Operating Budget ”; and
- Add a new subsection (4) that states:
Notwithstanding section 12, this Reserve is allowed to be in a deficit position, provided the shortfall is repaid, in full, within three fiscal years from the date the deficit was incurred. The source of funds for the repayment of the deficit shall be the annual provision authorized in the City’s Operating Budget.

Three years is being proposed to allow for a deficit to be rectified through the current year as well as the next two budget years.

FINANCIAL IMPLICATIONS

Adjustments to the LRR have been made in 2024 to reflect the 3% reduction to the total contribution.

OTHER IMPLICATIONS

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

NEXT STEPS

If approved, the City Solicitor’s Office will return to City Council with the approved amendment to Bylaw No. 6774.

REPORT APPROVAL

Written by: Kari Smith, Director of Finance
Reviewed by: Gabriella James, Accounting Coordinator
Brendan Lemke, Director of Water and Waste Operations
Angela Gardiner, General Manager, Utilities and Environment
Clae Hack, Chief Financial Officer
Approved by: Jeff Jorgenson, City Manager

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