

## 2025 Business Plan and Budget Proposed Adjustments

### ISSUE

City Council Policy No. C03-036, Multi-Year Business Plan and Budget Policy, outlines the requirements for the multi-year budget. When a two-year budget is considered by City Council, the first years' budget and second years' plan are reviewed and approved with the ability for adjustments to be brought forward by Administration, as allowed for in the policy, for City Council's consideration in the second year of the multi-year budget cycle. This report provides an overview of changes to the City's 2025 budget assumptions, some of which have resulted in recommended changes to the approved 2025 Operating Plan.

### RECOMMENDATION

1. That the 2025 Operating Plan approved by City Council on November 28, 2023, be amended to include \$748,900 in net adjustments to revenue and expenditures as shown in Table 1 of Appendix 2 and the Property Tax Levy requirement to balance the budget be increased by \$748,900;
2. That the 2025 Operating Plan, as amended, be approved as the 2025 Operating Budget;
3. That the 2025 Capital Plan approved by City Council on November 28, 2023, be amended to include a decrease of \$4,261,400 to capital budgets as shown in Table 1 of Appendix 6;
4. That the 2025 Capital Plan, as amended, be approved as the 2025 Capital Budget;
5. That the 2025 Building Standards fees, as outlined in Appendix 4 be approved; and;
6. That the City Solicitor be instructed to draft the appropriate amendments to Bylaw No. 9958, The Building Bylaw 2024, and Bylaw No. 7981, The Private Swimming Pools Bylaw 2000.

### BACKGROUND

The original approved [2024/2025 Approved Detailed Operating and Capital Budget](#) and the [2024/2025 Approved Capital Budget Project Details](#) documents provide the starting point and foundation for the 2025 budget.

At its [2024/2025 Multi-Year Preliminary Corporate Business Plan and Budget](#) meeting on November 28, 2023, City Council approved the 2025 Operating Plan totalling \$1.12 billion which included a 5.64% property tax increase. A summary surrounding the original revenue and expenditures projections included in the 2025 budget under each Business Line can be found in Appendix 1. Further detail on the Preliminarily Approved 2025 Operating Plan will be presented in a different report at this December 2, 2024 meeting.

### DISCUSSION/ANALYSIS

#### Civic Budget

Since the November 28, 2023 meeting where the 2025 Operating Plan was approved by City Council, the Administration has identified several changes to the original budget assumptions which require consideration. Some of the most significant changes under the City Manager's areas of responsibility include:

- Due to interest rates being higher than anticipated, interest revenue and interest expenditures are both higher resulting in a net revenue increase of \$2.03 million.
- Franchise Fees revenue has been lower than expected since 2022. To partially correct this base budget issue Administration is recommending a reduction to the budgeted revenue by \$500,000.
- Actual Parking Ticket Revenue and overall Parking Revenue has been lower than budget since 2015 and 2020 respectively. To partially correct this base budget issue Administration is recommending a reduction to the budgeted revenue for Parking Ticket Revenue by \$250,000 and Parking Revenue by \$500,000. Reduced Parking Revenue has a direct impact to the contribution to the Streetscape Reserve – Core BID which will be lower by \$250,000 resulting in a net budget increase of \$250,000.
- Property Tax Assessment Growth Revenue is expected to be \$2.19 million higher than the original plan.
- Municipal Revenue Sharing, which is funding received from the Province of Saskatchewan based upon PST revenues received, is expected to be higher by \$550,800.
- Additional expenditures for Saskatoon Transit of \$1.48 million is expected for public and employee safety measures as well as additional maintenance expenditures. Fuel rates continue to trend lower than originally estimated therefore, an overall expenditure decrease of \$500,000 within Saskatoon Transit is being proposed. These expenditure changes along with additional revenue of \$250,000 results in an overall increase to Saskatoon Transit's budget of \$733,100.
- Originally expected increases to Saskatoon Light and Power (SL&P) electrical rates in 2024 did not materialize. This has reduced costs in 2025 for operating programs, but also results in less revenue from the City's grants-in-lieu of taxes, resulting in a net increase to the Civic budget of \$194,600.

Details for these and all other changes can be found in Appendix 2. The Administration is proposing that the Civic Budget be updated to reflect the changes in assumptions found in Appendix 2. Through these changes, the net impact is a decrease of \$888,500 to the approved 2025 Operating Plan for budget areas under the City Manager's responsibility.

#### Saskatoon Police Service

In addition to the Administration's recommended assumption and budgetary adjustments, the Saskatoon Police Service has proposed several changes to the operating plan that were presented and approved by the [Board of Police](#)

[Commissioners on September 19, 2024](#) resulting in a net \$1.64 million budget increase as can be found in Appendix 3. Within this approval, there is also an addition of 31 FTE's. Most of these positions are funded through increased funding from the provincial government.

The Saskatoon Police Service budgetary increase combined with the remainder of the Civic Budget requirements decrease total the \$748,900 which can be found in recommendation #1 and #2 of this report.

The Administration has included the budget increase, as approved by the Police Board, in the base budget as has been past practice. As with all aspects of the budget, City Council may adjust the budget as it sees fit, although there is a specific process to adjust the budgets for Saskatoon Public Library and Saskatoon Police Service.

### Budgetary Risk

It is also important to highlight that should the proposed adjustments be approved, there are specific risks in the 2025 budget as follows:

- Approximately \$3.25 million of global reductions or targeted savings remain within the 2025 proposed budget that will need to be achieved by Administration to deliver a balanced operating budget in 2025. Administration has reduced this from \$3.75 million in the 2025 Operating Plan to \$3.25 million in the 2025 Adjusted Budget which is reflective of the anticipated fuel savings.
- Pressures remain in the Snow and Ice Program as the current budget includes an estimate of five significant snow events in the year, however since 2019 there have been an average of six snow events as shown in Table 1. One additional event would be equivalent to approximately \$1.5 million additional funds.

Table 1 – Average Snow Events

	2019/20	2020/21	2021/22	2022/23	2023/24 (to date)	Average
<b>Snow Events</b>	10	3	6	6	5	6

### Civic Budget Fee Changes

The only proposed change to Civic rates or fees compared to what was approved in the 2025 Operating Plan is the Building Standards Proposed Program Fee changes. Swimming pool permit rates, residential building permit rates for one and two-unit dwellings, townhomes, row houses, Part nine apartments and general permit rates are approved to increase by 3% on January 1, 2025. The new rates were included in Bylaw Nos. 9958 and 7891 as per City Council's previous direction. Administration is recommending to not increase rates for swimming pool permit applications, residential building permit applications and general permits for 2025, as 2024 revenues are performing above budgeted program revenues, resulting in a larger than expected contribution to the Stabilization Reserve. Further details are included in Appendix 4.

### Utility Budget

The Utility programs are also proposing several adjustments as part of their 2025 budget submission. The most significant change relates to revisions to the originally expected SL&P rate increase in 2024 that did not materialize and the 2025 expectations for a potential rate increase has been reduced from earlier estimates. These are offset by reduced power purchased costs and reduced Grants-In-Lieu.

While each Utility has varying impacts because of these assumption changes, there is no impact on the net budget as these changes will balance to \$0 through transfers to or from Utility reserves. While there is no immediate net financial impact, it is important to note the impact this will have on the Utilities Reserve sufficiency and ability to address their asset management requirements, most notably within SL&P. SL&P's projected reserve transfer has decreased by \$7.5 million from an originally planned \$25.2 million to \$17.7 million which will result in less projects and maintenance than originally planned and required under their asset management strategy.

Details by Utility program for all budget adjustments can be found in Appendix 5.

### 2025 Capital Budget

Proposed changes to the 2025 Capital Budget for a reduction of \$4.3 million are being recommended as part of the 2025 budget adjustment as shown in Appendix 6. Capital budget changes are recommended due to changing assumptions, emerging, or adjusting priorities and government funding changes. Some of the more significant capital adjustments include:

- Reduction to P.0583 Transit Replacement Bus Project due to the application for the Zero Emission Transit funding that was not approved.
- Transfer from 2024 and 2025 to 2025 and 2026 for P.10080 Archibald Arena Rehabilitation due to the application for the Green and Inclusive Community Buildings funding that was not approved in 2024.
- Transfer from the 2026 plan year to 2025 budget for P.02600 for the design of the East Indoor Recreation Facility.
- A new project for Infill and Redevelopment Water and Sewer Capacity Improvements.
- Overall adjustments to many Land Development projects to adjust the timing and scope for expected 2025 development.

Details for each adjusted capital project is included in Appendix 6. [The Saskatoon Police Service Capital Budget](#) was approved by the Board of Police Commissioners' on September 19, 2024 and can be found in Appendix 7.

City Council can choose to increase or decrease the amounts of the operating or capital budgets for any item presented earlier in this meeting's agenda or any other item City Council would like to bring forward.

### **FINANCIAL IMPLICATIONS**

If the recommendations are approved a total increase to the approved 2025 Operating Plan will be \$748,900 resulting in a total property tax increase of 5.84% for 2025 and the 2025 Capital Budget will decrease by \$4.3 million.

### **COMMUNICATION PLAN**

The communications plan for the 2025 Adjusted Budget will include a news release, website updates and social media messaging. Once completed, the finalized 2025 Adjusted Budget document will be made available on the City's website ([saskatoon.ca/finance](https://saskatoon.ca/finance)).

### **OTHER IMPLICATIONS**

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

### **NEXT STEPS**

A City Council-Approved Adjustments Document for 2025 will be prepared to reflect the decisions made at budget deliberations December 2, 2024, and will be made available on the City's website in early 2025.

### **APPENDICES**

1. Summary of Previously Approved 2025 Plan
2. 2025 Proposed Operating Budget Adjustments
3. Board of Police Commissioners 2025 Operating Budget
4. Building Standards Proposed Program Fee Changes 2025
5. 2025 Proposed Utility Operating Budget Adjustments
6. 2025 Proposed Capital Budget Adjustments
7. Board of Police Commissioners 2025 Capital Budget

### **REPORT APPROVAL**

Written by: Kari Smith, Director of Finance  
Reviewed by: Clae Hack, Chief Financial Officer  
Approved by: Jeff Jorgenson, City Manager