Appendix 1

2026 and 2027 Civic Operating Revenue Projections

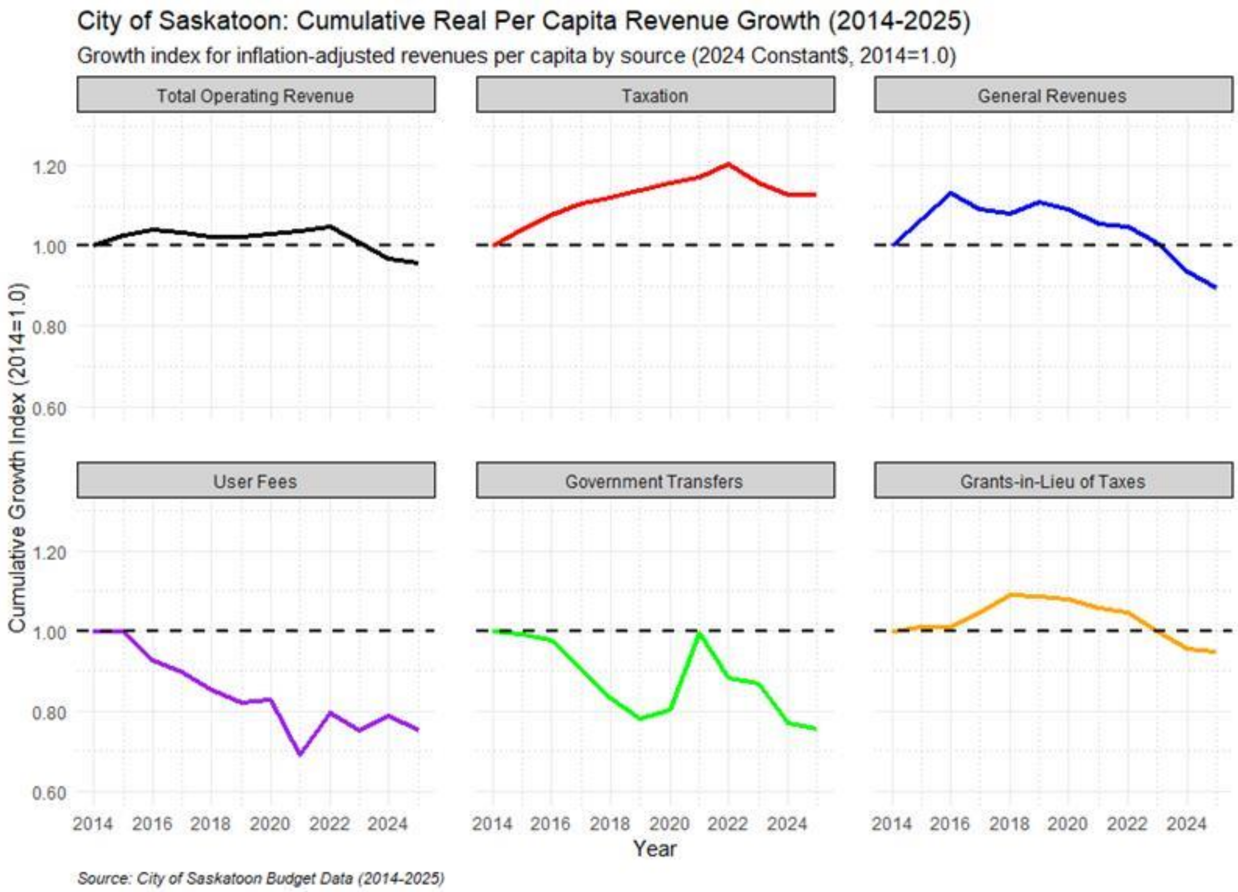
This appendix details the Civic operating budget forecasted revenues for 2026 and 2027. Unless otherwise noted, all amounts presented are for 2026 and 2027 respectively.

Overall, the Administration is anticipating total revenue increases of $10.7 million (+3.49%) and $12.8 million (+4.07%) respectively (excluding any potential property tax increases and excluding the SL&P ROI phase-out). These increases are collectively derived from sources such as Grants-in-lieu of taxes (GILT), general revenues, user fees, government transfers and anticipated growth in the tax base. Unlike federal and provincial orders of government, municipal governments are limited in terms of how they raise revenues and are legislatively required to produce a balanced operating budget each fiscal year. This produces a strong budgetary constraint, limiting the City's fiscal flexibility to absorb persistent fiscal shocks.

The non-tax revenue growth over this two-year period impacts the preliminary property tax rate increases, as growth in these sources is essential to offset rising expenditures. Consequently, without consistent and sustainable growth in non-tax revenue growth, the City must rely on property tax increases to address its incremental expenditure pressures.

Civic Revenue Trends Compared to Inflation and Growth (2014 to 2025)

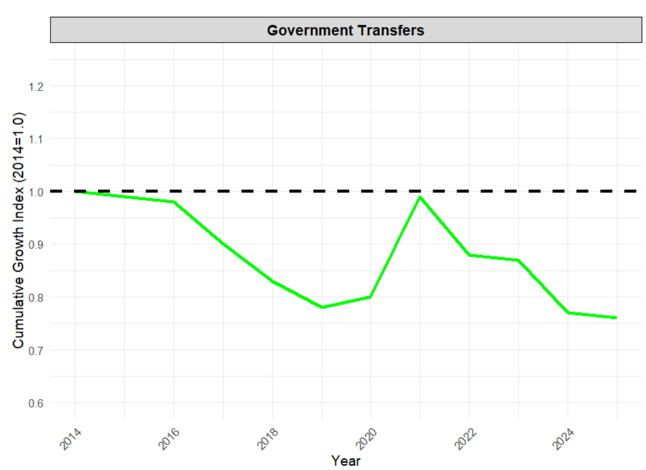
As outlined in the cover report, while the 2025 budget provided record levels of operating revenue from several areas such as user fees, general revenue and government transfers; these revenue sources have not kept pace with inflationary or population growth pressures, placing more reliance on the property tax to cover rising operating costs. This has required the Administration and City Council to find efficiencies and savings to maintain many of the City's essential services. The charts below illustrate the levels of revenue from various sources and how they have kept pace with inflation and population growth from 2014 to 2025. The dotted line represents the level of revenue that would be required to match inflationary and population growth levels since 2014 and how various revenue sources have compared.



To provide some additional insight into these charts, some select examples are outlined below:

<u>Government Transfers</u>

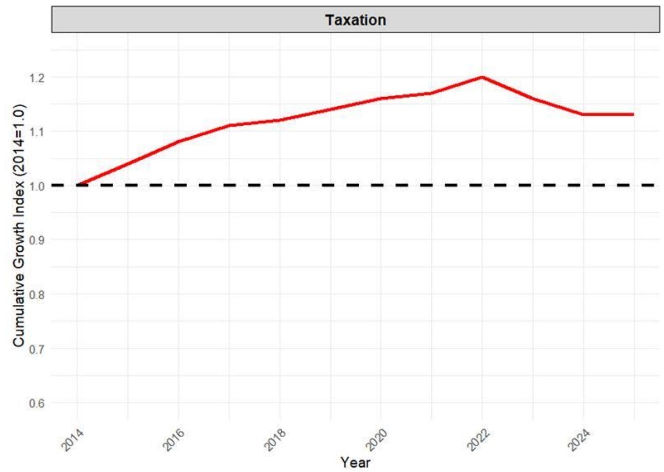
From 2014 to 2025 revenue from Government Transfers increased by 25.4%, from $63.9 million to $80.2 million. However, this revenue growth has not kept pace with rising costs and population growth. Over the same period, Saskatoon's population grew by approximately 27.2% and the Consumer Price Index rose by 30.2%. Combined, these factors have outstripped the increase in revenue from Government Transfers.



Despite record levels of Government Transfers revenue in 2025 this revenue source has lagged behind inflation and population growth pressures by over 20% since 2022 (see green line in the chart). As a result, this revenue source buys less fire apparatus, paves fewer kilometers of roadway and pays for less staffing than it did in previous years. In real terms, per capita revenue from Government Transfers fell from $384 in 2014 (inflation-adjusted) to $344 in 2025. This means that even with higher nominal revenue, the City is able to purchase fewer resources and provide less service per resident than in the past and has placed more reliance on the property tax.

Property Tax Revenue

From 2014 to 2025 revenues from property tax have increased by 87.1%, from $178.2 million to $333.5 million. The growth in this revenue stream has outpaced inflation and population growth as the City has had a growing reliance on this revenue stream as it has not only had to support growing operational costs but also subsidize for other revenue streams that have not kept pace. Over the same period, Saskatoon's population grew by approximately 27.2% and the Consumer Price Index rose by 30.2%.



Revenues from property taxes have surpassed inflationary and growth pressures by approximately 10% from 2014 to 2025, however have also been less than inflationary and growth pressures by nearly 10% since 2022 (see the red line in the chart). As a result in 2025 this revenue source buys less fire apparatus, paves fewer kilometers of roadway and pays for less staffing than it did in 2022. In real terms, per capita revenue from property taxes were $956 in 2014 (inflation-adjusted) rising to a high of $1,151 in 2022 and falling to $1,080 in 2025.

Preliminary Civic Operating Budget Revenue Forecasts

The revenue assumptions (or forecasts) included in the preliminary property tax rate increase are explained for each business line below. Table 1 summarizes the forecasted revenue assumptions for each business line.

Table 1 – Revenue

Business Line	**2026 Revenue** (Increase)/Decrease	**2027 Revenue** (Increase)/Decrease
Community Support	(58,400)	(60,500)
Corporate Asset Management	(2,300)	(35,000)
Environmental Health	(465,700)	(100,500)
Recreation and Culture	(301,300)	(459,000)
Saskatoon Fire	(117,600)	(11,400)
Transportation	(1,091,100)	(373,300)
Urban Planning & Development	39,900	-
Taxation and General Revenues	(8,665,800)	(11,762,400)
Total Civic Revenue Increase	**(10,662,300)**	**(12,802,100)**

Community Support - $58,400 and $60,500 Revenue Increase

Animal Licenses and Perpetual Care revenues are forecast to increase in 2026 and 2027, due to rate increases in both years. That said, the increased rates for animal license and cemeteries will be reviewed and approved during the Business Plan and Budget Review.

Corporate Asset Management - $2,300 and $35,000 Revenue increase

The forecasted revenue increases in this business line are primarily driven by increases in property lease revenues.

Environmental Health - $465,700 and $100,500 Revenue Increase

The forecasted revenue increases for this business line are primarily driven by increasing Landfill revenues due to projected population growth and increased garbage collection tonnes from the Garbage Utility.

Recreation and Culture - $301,300 and $459,000 Revenue Increase

The forecasted revenue increases for the business line are primarily driven by rate and volume changes at the Forestry Farm Park and Zoo, leisure centres, outdoor rinks, pools, and sports fields.

The rates assumed for these increases will be reviewed and approved during the Business Plan and Budget Review.

Saskatoon Fire - $117,600 and $11,400 Revenue Increases

The forecasted revenue increases for this business line are primarily driven by the Corman Park Automatic Protection Agreement, SGI and dispatch agreement rate increases.

Transportation - $1,091,100 and 373,300 Revenue Increase

The forecasted revenue increases for this business line are primarily driven bv transit revenue increases of $1,133,000 in 2026 and $350,400 in 2027 and Access Transit revenue increases of $29,800 in 2026.

These are offset by the following projected decreases:

- A base budget revenue decrease of $500,000 in 2026 to adjust Parking Service revenues to actuals along with increased Temporary Reserved Parking and increases parking permits result in a net decrease of $327,300 in 2026. Volume increases in Temporary Reserved Parking, Parking Cards and permits will result in an estimated $22,900 increase in 2027.
- A forecasted decrease of $21,200 due to lower Street Lighting banner revenues.

Urban Planning and Development - $39,900 Revenue Decrease in 2026

The forecasted revenue decreases for the business a primarily driven by a reduction of $16,300 within Bylaw compliance to adjust to actual revenues and a $23,600 reduction in Research and Mapping from lost external printing revenues in 2026.

Taxation and General Revenues - $8,665,800 and $11,762,400 Revenue Increase

The forecasted revenue increases for this business line are primarily driven by:

- Increases to the Municipal Revenue Sharing Grant of $4,067,000 and $5,412,200 in 2026 and 2027 respectively, due to provincial sales tax revenue growth.
- Reduction to Fines and Penalties base revenue budget for Parking Ticket revenue. The current budget is too high by approximately $250,000 compared to historical actuals. The Administration is proposing to spread this base budget item over both years by reducing revenues by $125,000 in each of 2026 and 2027. Animal Violation revenue is also being decreased in 2026 by $30,000 to adjust to historical actuals.
- Increases of $1,400,000 and $2,800,000 in assessment growth property tax revenue for 2026 and 2027 respectively.
- Increases of $470,000 and $380,000 in franchise fee revenue for 2026 and 2027 respectively from provincial Crown utilities.
- Increases of $735,900 and $1,848,900, for GILT revenues in 2026 and 2027 respectively. The projected revenue changes for this category are derived from several sub-categories, namely:
    - A decrease of $624,000 in 2026 but an increase of $310,000 in 2027 for federal and provincial GILT;
    - An increase of $1,578,900 and $1,648,600 for City-owned utilities; and
    - A decrease of $219,000 and $110,000 in 2026 and 2027 respectively from the Land Bank Program.
- Increases of $1,459,300 and $1,258,100 in 2026 and 2027 respectively from return on investment revenue from City-owned Water and Wastewater utilities.
- Decreases of $100,000 in both 2026 and 2027 is to remove budgeted Carbon Tax rebate revenue that was added in prior years budgets that did not come to fruition.
- Increases of $200,000 in each of 2026 and 2027 for investment revenue.
- Increases of $80,000 and $81,600 in 2026 and 2027 respectively for taxation revenues resulting from servicing agreements and tax penalties.