
Saskatoon Infrastructure and Debt National Comparison

Recommendation

That the information be received.

Topic and Purpose

This report provides a summary of Moody's Investors Service's May 11, 2015 article entitled "Canadian Municipalities Infrastructure Needs Drive Higher Capital Spending in 2015 and 2016", with a focus on the City of Saskatoon's (City) financial position compared to other Canadian Municipalities.

Report Highlights

1. Municipalities across Canada are facing increasing infrastructure needs in 2015 and 2016 due to growth and asset rehabilitation.
2. In 2013, the City reinvested into capital at a rate of 1.5 times that of the national average.
3. The City has maintained one of the lowest debt to operating revenue ratios in Canada.
4. The City's cash and investment ratios as a percentage of debt is over 150%.

Strategic Goal

Sound financial practices, policies, and stewardship are necessary in order to maintain the Strategic Goal of Asset and Financial Sustainability. This report provides further evidence that these goals are being met.

Background

Moody's Investors Service is a leading provider of credit ratings, research and risk analysis that contribute to transparent and integrated financial markets. The attached May 11 article (Attachment 1) focuses on Canadian municipalities' financial health, upcoming debt and capital needs.

Report

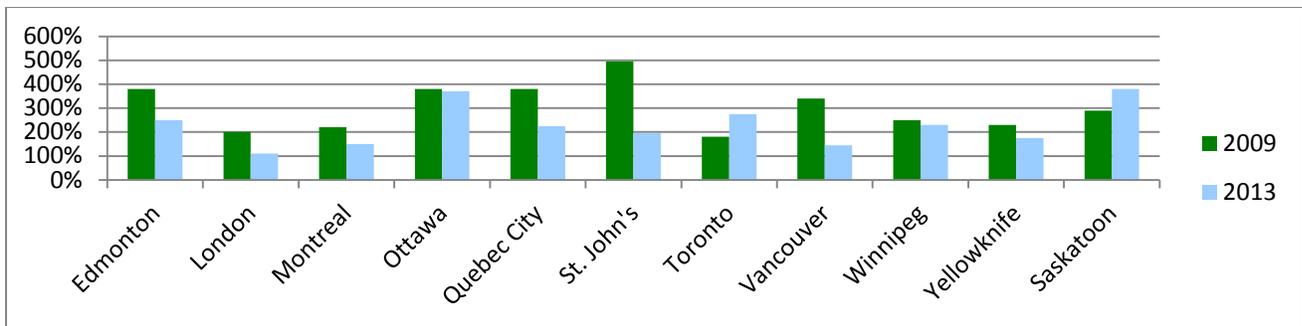
Increasing Capital Needs

The majority of large metropolitan municipalities in Canada will continue to increase their capital spending in 2015 and 2016 to fund necessary investment in roads, transit and utility services. While some local governments will add to their debt levels, the increases in their debt burden relative to operating revenue will be manageable for most.

Reinvestment in Capital

Reinvestment ratios (capital expenditures/depreciation expense) across Canada have remained healthy over recent years, as seen in the following chart, which supports the fact that Canadian municipalities have focused on maintaining capital assets in good repair and investing in growth.

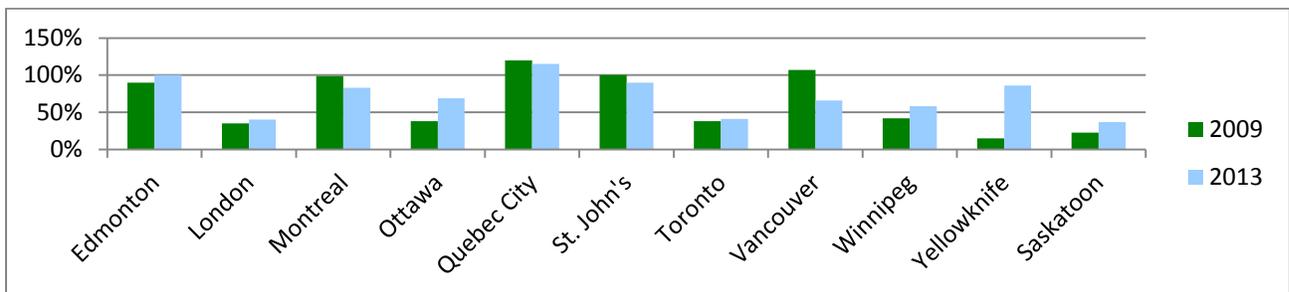
Saskatoon Infrastructure and Debt National Comparison



As indicated by the above chart, the City has been reinvesting in capital at a rate of over 300% of annual depreciation. This is above the national average of approximately 200%, which indicates a larger investment in maintenance and growth than the national trend.

Debt

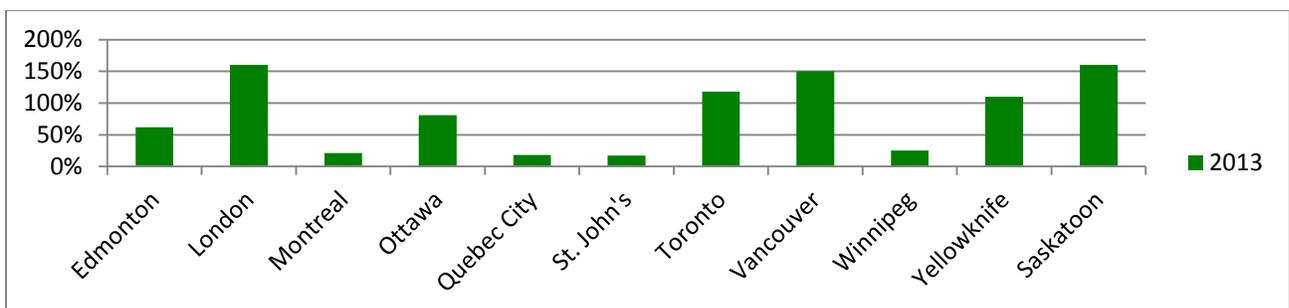
Although the City has shown a higher investment in maintenance and growth than the national average, the debt burden as a percentage of annual revenue has remained manageable and at one of the lowest rates in the country as indicated below.



This data supports the fact that Saskatoon has been growing in a manageable and financially sustainable way by managing capital growth with other funding means and not relying solely on debt.

Cash/Investment Position

The City's non-reliance on debt can be seen further by evaluating current cash/investment holdings as a percentage of debt, as shown below.



As seen by the preceding two charts, the City continues to have a low debt burden and high levels of cash/investments in comparison to other Canadian municipalities and illustrates the well balanced and financially sustainable growth and capital maintenance plans the City has seen in recent years.

Communication Plan

All public reports and updates are available on the City's website.

Financial Implications

The City's current debt and cash/investment ratios continue to be in a favourable position compared to national trends which supports the positive impact the City's current funding, financial and debt plans have had.

Other Considerations/Implications

There are no environmental, policy, privacy, or CPTED considerations or implications, and public and/or stakeholder involvement is not required.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

1. Moody's Investors Service Article "Canadian Municipalities Infrastructure Needs Drive Higher Capital Spending in 2015 and 2016"

Report Approval

Written by: Clae Hack, Director of Finance

Reviewed by: Kerry Tarasoff, CFO/General Manager, Asset & Financial
Management Department

Approved by: Murray Totland, City Manager

Saskatoon Infrastructure_Debt National Comparison.docx