

2022/2023 PRELIMINARY MULTI-YEAR BUSINESS PLAN AND BUDGET

2022/23

Multi-Year Budget

AT A GLANCE

The City of Saskatoon's **Preliminary 2022/2023 Business Plan and Budget** invests in assets and infrastructure to meet the needs of a growing, welcoming and inclusive city by providing quality civic services and programs that align with the expectations of the public we serve.

With the financial impact on the City due to COVID-19 and the pandemic continuing to decrease the City's non-tax revenue sources such as user fees, there are several operating revenue challenges. To deliver value for taxpayer dollars, optimize the City's investments and keep property taxes as low as possible over the next two years, Administration has presented several business options for City Council's decision-making at its 2022/2023 Budget Review set for November 29 to December 1, 2021.

Listening to Citizens, an Important Building Block of the Multi-Year Budget Planning Approach

Citizen input has always been an important part of the City's annual business plan and budget process, and the same holds true for the multi-year planning approach.

The City of Saskatoon gathers citizen input all throughout the year to help inform decisions related to strategic priorities, budgeting, civic service and program delivery, and to highlight opportunities for continuous improvement.

In 2021, the City of Saskatoon conducted two civic services surveys: the Satisfaction & Performance Survey and the Civic Services Performance, Priorities and Preferences Survey.

Public feedback received through the two 2021 Civic Services Surveys and from the survey on the **Draft 2022-2025 Strategic Plan** will be considered by City Council before it approves the 2022/2023 Business Plan and Budget.

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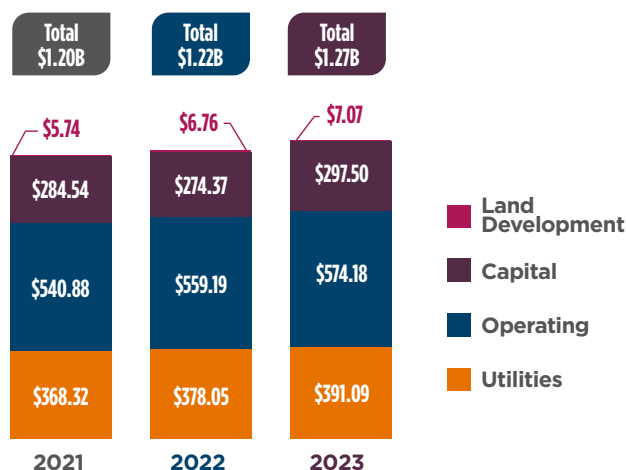
The Multi-Year Business Plan and Budget Approach

The City's approach to multi-year business planning and budgeting remains the same as the City's first multi-year business plan and budget adopted for 2020 and 2021. The approach is intended to:

- **Improve transparency and decision-making** by providing City Council and citizens with more information about where City funds are used. This approach links service costs to service levels and outcomes, and better connects long-term goals to short-term spending decisions;
- **Increase the City's accountability** in delivering civic services to citizens effectively and efficiently, while maintaining focus on a sustainable future; and
- **Help the City transform** by providing for more regular, ongoing, and thorough examination of civic services to ensure that services are relevant to citizens' needs and priorities.

TOTAL 2022/2023 PRELIMINARY BUDGET

(Value in Millions)



City Council's **2022/2023** Preliminary Multi-Year Business Plan and Budget Review will take place on November 29, 30 and December 1, 2021.

Saskatoon Police Service proposed investment:

\$119.7M | 2022

\$124.6M | 2023



The 2022/2023 proposed increase in expenditures is comprised of the following:

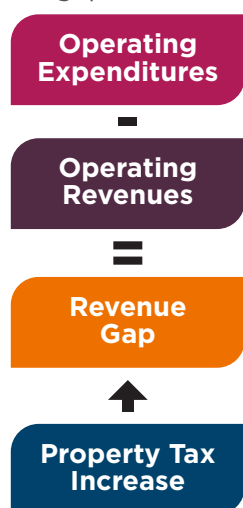
With a commitment to improving safety in the city, the largest portion of the City's operating expenditures is dedicated to the Saskatoon Police Service with approximately **\$119.7 million** invested in **2022**, and **\$124.6 million** in **2023**.

(Value in Millions)							
Item	2021 Budget	2022 Budget	2022 (\$) Increase	2022 (%) Increase	2023 Budget	2023 (\$) Increase	2023 (%) Increase
Saskatoon Police	\$ 114.99	\$ 119.71	\$ 4.72	4.11%	\$ 124.62	\$ 4.91	4.10%
All Other Civic Operations	\$ 431.63	\$ 446.24	\$ 14.61	3.39%	\$ 456.63	\$ 10.39	2.33%
Total	\$ 546.62	\$ 565.95	\$ 19.33	3.54%	\$ 581.25	\$ 15.30	2.70%

Balancing the Multi-Year Budget

As required by *The Cities Act*, the City must pass a balanced operating budget each year. The City collects the necessary amount of property tax required to balance the budget after applying all other revenue sources.

If a revenue gap exists, then the property tax increase fills this gap as shown below.



To help pay for the City's day-to-day operations that provide for services and programs, and to ensure the budget is balanced, the **Operating Budget is proposing a municipal property tax increase of 3.64% for 2022 and 3.14% for 2023.**

In 2022, 1.0% of property tax is equivalent to \$2.7 million, and in 2023, \$2.8 million. The proposed property tax increase for 2022 and 2023 will generate an additional \$9.7 million and \$8.8 million respectively for the City's Operating Budget.

Building Blocks of the 2022/2023 Budget

The City's **2022/2023 Strategic Plan**, Business Plan and **Budget** are the foundational building blocks that guide the City's 2022/2023 Multi-Year Business Plan, and Budget. Collectively, they provide a framework that supports the City to ensure its budgeted investments are deliberate, purposeful and supportive of the high quality of life we have in Saskatoon today - and for the future:



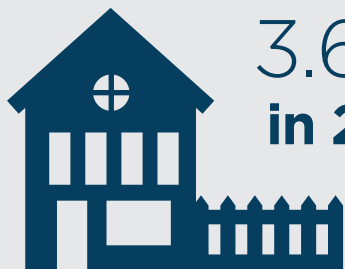
From the building blocks, the Business Plan and Budget follows a four-step process:



Operating options and prioritized capital options were presented to the Governance and Priorities Committee in October 2021 aimed at achieving City Council's Strategic Priorities.

While specific service level enhancements have not been included in the **2022/2023** Preliminary Business Plan and Budget, a corresponding report will be included in the **2022/2023** Business Plan and Budget Agenda, outlining the available options and recommendations for City Council's decision-making during budget deliberations.

The **2022/2023** Operating Budget proposes a municipal property tax increase of:



3.64%
in **2022**



3.14%
in **2023**

Proposed Municipal Property Tax for the Typical Homeowner in **2022/2023**

As required by provincial legislation, the City must balance its operating revenues with its operating expenditures. The City has a limited number of revenue sources, and any revenue shortfalls must be balanced through a property tax increase.

These property tax increases would generate an additional **\$9.7 million** in **2022** and **\$8.8 million** in **2023**. A homeowner who owns a single-family detached home with an average assessed value of **\$344,000** would see their municipal property tax change by the approximate amounts shown below.

Municipal Property Tax	2022	2023
Increase Per Average Household \$344,000 Assessment	Total City Services 3.64%	Total City Services 3.14%
Approximate Total Increase (\$ per year)	\$ 69.91	\$ 62.41
Approximate Total Increase (\$ per month)	\$ 5.83	\$ 5.20

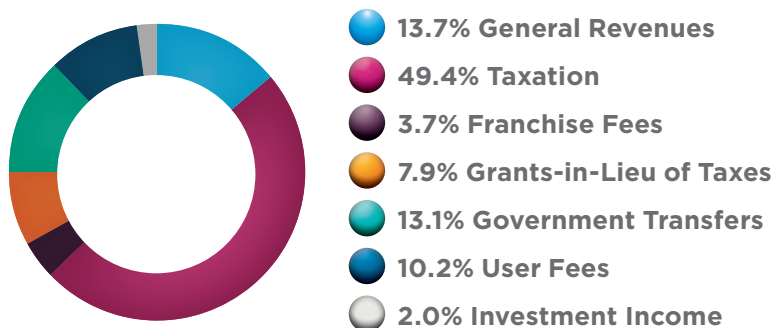
Where the Revenues Comes From to Fund the Preliminary **2022/2023** Operating Budget

Operating revenues generate money for the City to pay for the delivery of its civic services and programs. User fees and general revenues continue to be impacted by the pandemic.

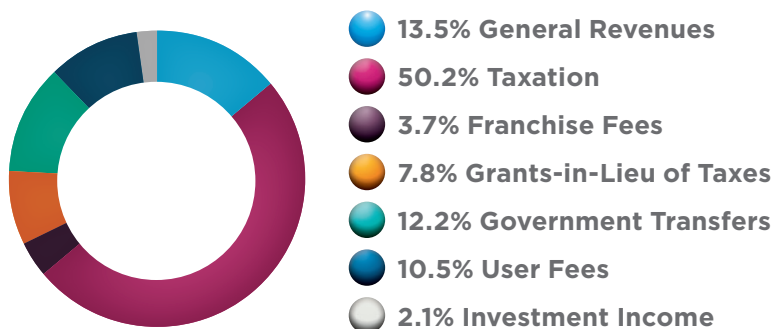
Approximately half (49.4% and 50.2%) of the City's **2022** and **2023** operating revenues come from taxation. This has continued to increase as a share of operating revenues due to inflation, growth and service level increases, and as a result of other non-tax revenues not keeping pace with rising costs. This places more pressure on the property tax to fund any revenue gap or shortfall.

The revenue sources that pay for all civic services and programs in the City's preliminary **2022** and **2023** Operating Budgets are shown here.

SOURCES OF **2022** OPERATING REVENUES



SOURCES OF **2023** OPERATING REVENUES



2022/2023 PRELIMINARY MULTI-YEAR BUSINESS PLAN AND BUDGET - AT A GLANCE

PRELIMINARY OPERATING EXPENDITURES BY SERVICE (VALUE IN THOUSANDS)



21.15% Police	.....
15.91% Transportation	.....
9.86% Fire	.....
9.75% Transit	.....
9.31% Recreation	.....
8.71% Corporate Support	.....
6.49% Other	.....
4.85% Debt Servicing	.....
3.99% Parks	.....
3.86% Garbage & Waste Reduction	..
3.07% Urban Planning	.....
3.05% Grants & Affordable Housing	.

2022

\$119,710.70
\$90,029.40
\$55,795.70
\$55,180.50
\$52,706.50
\$49,274.90
\$36,705.40
\$27,480.40
\$22,596.30
\$21,823.40
\$17,368.30
\$17,282.20
\$565.95M

2023

21.44%	\$124,620.50
15.85%	\$92,127.40
9.85%	\$57,268.80
9.67%	\$56,182.80
9.23%	\$53,666.60
8.99%	\$52,277.80
6.60%	\$38,393.20
4.73%	\$27,480.40
3.98%	\$23,106.80
3.39%	\$19,712.60
3.11%	\$18,064.10
3.16%	\$18,348.40
	\$581.25M

The City's Operating Budget allocates the costs for civic services and programs that the citizens of Saskatoon rely on every day to keep the City's operations running. It also matches the sources of revenue to pay for those services, including property taxes, user fees, licenses and government grants.

- The **2022 Operating Budget** proposes total operating expenditures of **\$565.95 million**, an increase of \$19.3 million, or 3.54%, over the 2021 Operating Budget.
- The **2023 Operating Budget** is proposing total operating expenditures of **\$581.25 million**, an increase of \$15.3 million, or 2.70%, over the 2022 Operating Budget.

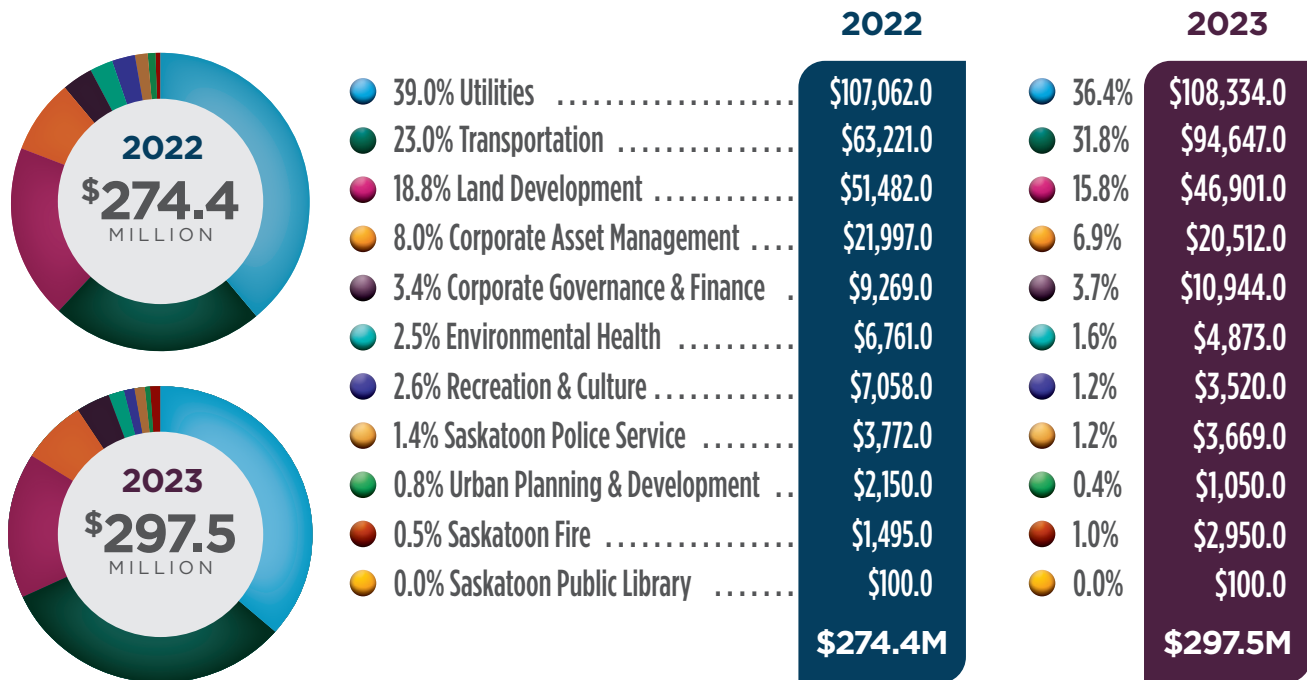
The increases in operating expenditures are recommended as a result of two key considerations:

1) The cost to maintain existing services. Every year the City is faced with increases in expenditures as a result of inflationary requirements. As Saskatoon grows, there is also the need to provide existing service levels over an expanded service area.

2) Service level improvements. Based on the City's 2022-2025 Strategic Plan, there are several areas that City Council has directed the Administration to prioritize over the next several years. Some priorities can be achieved without financial impact while several initiatives will require financial investment. i.e. Reconciliation, equity, diversity and inclusion spaces, community safety, and Bus Rapid Transit.

To address inflation and growth pressures, the total expenditure increase within the Preliminary 2022/2023 Business Plan and Budget is \$13.0 million in 2022 and \$10.0 million in 2023 (excluding Police).

PRELIMINARY CAPITAL INVESTMENT BY BUSINESS LINE (VALUE IN THOUSANDS)



The City's Capital Budget is for the long-term, it provides investments in assets for the future of the city. The capital budget provides for the cost of construction, major repair, purchase, replacement and renewal of assets such as bridges, buildings, roads, technology and equipment.

The City's **2022/2023 Capital Budget** proposes investing a total capital investment of \$571.9 million, including \$274.4 million in 2022 and \$297.5 million in 2023.

The 2022/2023 Capital Budget not only addresses Saskatoon's growth, but also its basic infrastructure needs with continued emphasis on roads, transit, water, and wastewater distribution systems.

- **Utility-related projects** make up 39.0% of the total capital investment in 2022 and 36.4% in 2023. Notable projects include upgrades to electrical distribution, substations and equipment, addressing the City's storm water assets, upgrades and maintenance of the water and wastewater treatment plants, and the construction of a new bioreactor to meet future capacity needs.
- **Land Development** represents 18.8% of the total capital investment for 2022 and 15.8% for 2023, for various infrastructure requirements in Holmwood, Brighton, Aspen Ridge, North Industrial, Kensington and Stonebridge, including roadwork on Neault Roadway, 8th Street and McOrmond Drive, among other developments.

- **Transportation projects** represent 23.0% of the total capital investments in the 2022 and 31.8% in 2023. Notable investments include:
 - \$32.0 million (2022) and \$33.0 million (2023) for paved roadway and sidewalk preservation;
 - \$10.5 million (2022) and \$46.3 million (2023) for the implementation of a Bus Rapid Transit system;
 - \$7.8 million (2022) for extension of 17th Street to 11th Street West;
 - \$1.5 million (2022) and \$1.5 million (2023) for Traffic Control System upgrade refurbishments; and
 - \$1.1 million (2022) and \$1.1 million (2023) for the implementation of the Active Transportation Plan.
- **Corporate Asset Management** represents 8.0% of the total capital investment for 2022 and 6.9% for 2023 required for the purchase of replacement fleet, major replacement and repairs of civic facilities and various other asset management projects.

The remaining 11.2% in 2022 and 9.1% in 2023 Capital Budget is allocated among various smaller projects.

PAYING FOR THE 2022/2023 CAPITAL BUDGET



RESERVES:

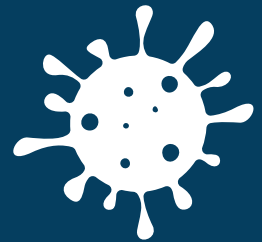
Approximately **\$450.5 million (78.8%)** of the entire Capital Budget is **funded through reserves** that the City has set aside for capital replacement, enhancement, and new capital work.

GOVERNMENT FUNDING:

Approximately **\$50.6 million (8.8%)** largely used for the Bus Rapid Transit System.

The remaining **\$70.8 million (12.4%)** of the Capital Budget is split among various other sources including private contributions, internal funding/transfers and debt.

FINANCIAL IMPACT DUE TO COVID-19



The ongoing COVID-19 pandemic generates a high degree of uncertainty for fiscal planning. As a result, the City's Preliminary 2022/2023 Budgets must rely on several assumptions as to when pandemic restrictions are lifted and the gradual return to pre-pandemic levels of activity may occur.

The financial impacts on the City due to COVID-19 are \$13.85 million in 2022 and \$10.02 million in 2023.

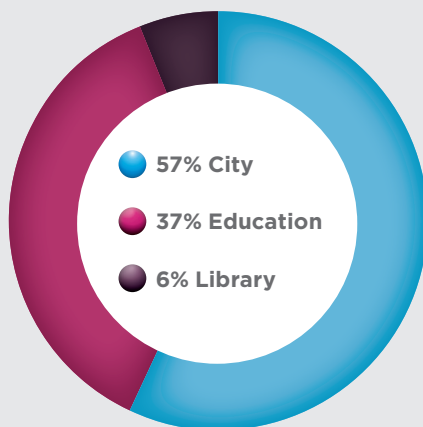
The major impacts for 2022 and 2023 respectively, include:

- 2021 net fiscal impact from removal of Safe Restart funding and the removal of the 2021 COVID-19 expenditure increases or revenue reductions of \$1.88 million in each year
- Additional cleaning and personal protective equipment of \$1.61 in each year
- Transit and Access Transit revenue reductions of \$5.49 million and \$4.21 million
- Parking revenue reduction of \$948,300 and \$0
- Municipal Revenue Sharing revenue reduction of \$3.12 million and \$2.14 million
- Fines and Penalties revenue reduction of \$1.04 million and \$0
- Streetscape Reserve expenditure reduction of \$470,200 and \$0
- Land Surplus Operating Contribution of \$224,200 and \$174,200

These COVID-19 impacts require one-time funding and at the October 25, 2021 City Council meeting it was resolved that \$23.87 million from the *Investing in Canada Infrastructure Program* reallocated funding be held in contingency to offset the COVID-19 financial risk in the 2022 and 2023 fiscal years. This contingency amount is included in the 2022/2023 budgets to offset the expected COVID-19 impact for a net \$0 impact to the budgets.

The Administration remains in contact with other orders of government for additional support. If additional funding is received the Administration will report back in 2022 if any portion of these funds are not required.

DISTRIBUTION OF PROPERTY TAX (2021)



In 2021, a little more than half of all property taxes collected were kept by the City for the delivery of key services such as road maintenance, policing, fire protection, and public transit. Of the property taxes collected by the City, 37% was remitted to the Province of Saskatchewan to pay for education. The remaining 6% of property tax collected went to the Saskatoon Public Library.

THE CITY'S CAPITAL BUDGET

- focuses on the long-term, it provides investments in assets for today and the future
- provides for the cost of construction, major repairs, major purchases, and the replacement and renewal of assets such as bridges, buildings, roads, technology and equipment
- aims to advance the City's 2022/2023 Strategic Plan's vision to meet the needs of a growing population in our welcoming and inclusive city

PROPOSED DISTRIBUTION OF MUNICIPAL TAX TO SERVICES IN 2022

Every \$100 of municipal property tax is shared between the civic services shown in this chart.



(1) Includes street lighting, animal services, cemeteries and facilities

(2) Includes urban forestry and urban biological services

(3) Includes provisions for current and future servicing

(4) Includes the offices of the City Manager, City Clerk, City Solicitor, Finance, Revenue, Assessment & Taxation, Information Technology, Human Resources, General Administration, Legislative, and Service Saskatoon

(5) Includes Access Transit

PROPOSED DISTRIBUTION OF MUNICIPAL TAX TO SERVICES IN 2023

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(5) Includes Access Transit

THE CITY'S OPERATING BUDGET

- provides funding for the day-to-day and annual expenses to keep the civic operations running
- allocates the costs to deliver civic services and programs to the citizens we serve
- provides a balance between managing increasing costs to maintain and deliver existing services and programs and keeping property taxes and user fees as low as possible
- aims to advance the City's 2022/2023 Strategic Plan's vision to meet the needs of a growing population in our welcoming and inclusive city

Find budget related documents, Administrative Reports and past budgets at saskatoon.ca/budget