

August 2023

2024 25

Multi-Year Budget

Information Guide

- Frequently Asked Questions
- Charts & Graphs for Reference



City of
Saskatoon



2024/2025 MULTI-YEAR BUDGET: Frequently Asked Questions



Why has the City reported out a starting funding gap in looking ahead to the next two years?

The funding gap discussion is not new and is common amongst municipalities.

Identifying the starting funding gap helps identify the cost to maintain services in future years as a start to the budget planning process. The City of Saskatoon has used this process in the past to illustrate the expenditure and revenue pressures facing the City.

The City is creating a plan in advance of presenting the formal 2024/2025 Multi-Year Budget for City Council's final approval in November 2023. Unlike other federal and provincial orders of government, the City's budget planning process takes place in public meetings.

The City's larger than normal funding gap heading into 2024 and 2025 is due to the City facing unprecedented financial budgetary challenges, reflected in the revenue and expenditure estimates.

The three largest pressures on the City's 2024/2025 Budget are:

- Significantly higher-than-normal inflationary pressures, as several product and service inputs are seeing inflationary impacts of 30% or greater relative to the previous year;
- Lower than anticipated post-pandemic revenue recovery in areas such as Transit, Leisure Centre Revenue, Parking, Fines and Penalties
- The removal of \$10.0 million in one-time Covid-related funding in 2024





What does the starting projected funding gap for the City mean, and does that mean the City has a huge budgetary deficit?



A funding gap, unlike a deficit, is forward-looking. To be transparent, the City of Saskatoon is looking ahead into 2024 and 2025 to identify the resources required to maintain services amidst significant inflationary and other financial pressures, and to create a proactive plan to address them. By contrast, a deficit is backward looking and it compares actual, not estimated, revenues and expenditures based on assumptions and decisions in a previous year. If a budget deficit occurs at the end of a year, the City will need a reactive plan to address it.

The projected starting funding gap represents the starting point for City Council's 2024/2025 Multi-Year Budget discussions.

By legislation, the City cannot pass a budget deficit and must balance its budget where incoming revenue equals outgoing expenses.

Amid ongoing inflationary budget pressures and trends, the City has identified the fully transparent projected costs over the next two years to maintain and deliver City services at the service levels they are currently delivered at today.



Multi-Year Budget PLANNING TIMELINE

REPORTS PRESENTED

March 15, 2023: Regular Meeting of Governance and Priorities Committee presented with Administrative Information Reports [2023-2025 Budgetary Pressures and Trends](#) and [2024-2025 Major Capital Project Prioritization](#)

April 12, 2023: Regular meeting of Governance and Priorities Committee presented with Decision Report [2024/2025 Business Plan and Budget Process](#)

June 14, 2023: Regular Meeting of Governance and Priorities Committee presented with Administrative Information Report [2024/2025 Budget Status Update](#)

SPECIAL BUDGET MEETINGS

A series of **Special 2024/2025 Budget Meetings** will be held to review business lines and options presented by the Administration to help mitigate the projected revenue gap for 2024 and 2025.

- **June 22, 2023, 9:30 a.m. Special Budget Meeting**, Business Line Reviews [Agenda/Archive Video here](#)
- **July 25, 2023, 9:30 a.m. Special Budget Meeting** * Business Line Reviews [Agenda/Archive Video here](#)
- **August 15, 2023, 9:30 a.m. Special Budget Meeting**** Business Line Reviews, Business Plan Operating Options will be presented



November 28, 29, 30, 2023:
City Council's 2024/2025 Multi-Year Business Plan & Budget Review and Deliberation

*Please note: the deadline to submit your letter or to request to appear in person at the July 25 Special Budget Meeting is Monday, July 24, 5:00 pm)

**Please note: the deadline to submit your letter or to request to appear in person at the August 15, 2023, Special Budget Meeting is Monday, August 14, 5:00 pm)



Why are the property tax rates even mentioned if they are unlikely to happen?

Coming out early and stating the transparent projected cost to maintain existing services and the associated funding gap gives lead time in the multi-year budget planning process. City Council and Administration have time to investigate options and make decisions to find savings, reduce the City's expenditures, and adjust service levels and other revenues where required before final budget review and approval in November 2023.

The equivalent property tax rate increase is mentioned because the public has asked what the impact would be if the funding gap was not mitigated. This is another transparent way to illustrate the potential worst-case tax impact if the City continued with the current delivery of services when factoring in our 2024 and 2025 estimated expenditure and revenue realities.





How does Saskatoon rank against other Cities for property taxes?

Municipal Property Taxes Per Capita (Per Person) Based on 2023 Budget (Net taxes)

Population from Statistics Canada Table 17-10-0142



There are two main ways to compare property taxes across municipalities.

The first way is based on a Municipal Property Tax per capita basis (per person). This approach takes the overall municipal property taxes collected by each City and provides a per person perspective. As shown in the chart below, Saskatoon collects the lowest amount of municipal property taxes per person among other western Canadian cities. It is important to note that this approach **combines both Commercial and Residential** property taxes into one analysis. This chart below only shows the municipal portion of property tax collected – it excludes Education Property Tax and the Library Property Tax (if it is a separate tax levy, like in Saskatoon and Regina).

City	Net Municipal taxes 2023 (Budget)	CSD Population Estimate 2022 <small>(Stats Canada Table 17-10-0142-01)</small>	Municipal Property taxes Per Capita
Edmonton	\$ 1,912,353,691	1,087,172	\$ 1,759
Lethbridge	\$ 171,261,443	104,254	\$ 1,643
Calgary	\$ 2,170,604,952	1,413,800	\$ 1,535
Vancouver	\$ 1,065,509,000	706,012	\$ 1,509
Red Deer	\$ 148,259,777	105,883	\$ 1,400
Kelowna	\$ 176,624,000	153,385	\$ 1,152
Regina	\$ 278,071,000	242,685	\$ 1,146
Winnipeg*	\$ 882,730,000	783,096	\$ 1,127
Saskatoon	\$ 292,881,100	288,311	\$ 1,016

* Includes business tax, frontage tax levies, and other taxation



Another way to compare is to look at the median assessed home value in each city and the corresponding property tax burden that results. The median value represents the mid-point of all the values and is often used because it is not influenced by outliers in the data like averages are.

Because cities set their tax requirements based on the budgetary needs and distribute it based on the assessed property value, median values for each city offers standardized comparison. Comparing cities with fixed assessed values, such as a general \$500,000 value, skews the results as this value would be very high in some cities and abnormally low in others. This is also because cities with higher assessed property values will adjust their mill rate accordingly to only collect the taxes they need for city services. A city with high median assessed values will have a lower statutory tax rate, and vice versa, all things equal.

This table details how looking at the median home value in each city is a more comparable way to view a property owner's typical statutory property tax burden.

Property Tax Burden for Median Assessed Value Single Family Residential Properties in Selected Cities, 2023.								
<small>Source: Sample City Websites, Tax Bylaws, and BC Assessment website.</small>								
Notes	City	Median Assessed Value	Median Taxable Assessed Value	Municipal Library/Other Local tax	Provincial Education Property Tax	Other Provincial Tax Requisitions	Frontage Tax Levy	Total Tax Burden
1	Kelowna	\$ 988,000	\$ 988,000	\$ 2,427	\$ 1,120	\$ 412	\$ -	\$ 3,959
2	Vancouver	\$ 2,125,000	\$ 2,125,000	\$ 3,578	\$ 1,794	\$ 537	\$ -	\$ 5,909
	Calgary	\$ 555,000	\$ 555,000	\$ 2,404	\$ 1,243	\$ -	\$ -	\$ 3,647
	Edmonton	\$ 425,500	\$ 425,500	\$ 2,982	\$ 1,038	\$ -	\$ -	\$ 4,020
3	Red Deer	\$ 345,500	\$ 345,500	\$ 2,532	\$ 861	\$ -	\$ -	\$ 3,393
4	Lethbridge	\$ 300,000	\$ 300,000	\$ 2,502	\$ 719	\$ -	\$ -	\$ 3,221
	Regina	\$ 309,000	\$ 247,200	\$ 2,481	\$ 1,122	\$ -	\$ -	\$ 3,603
	Saskatoon	\$ 345,000	\$ 276,000	\$ 2,305	\$ 1,253	\$ -	\$ -	\$ 3,559
5	Winnipeg	\$ 334,000	\$ 150,300	\$ 1,939	\$ 2,034	\$ -	\$ 348	\$ 4,320
Notes								
1	<i>Municipal/Library/Other includes public safety tax levy. Other provincial tax requisitions includes tax rates for Regional District, Hospital, and BC Assessment; before provincial credits</i>							
2	<i>Other provincial tax requisitions include tax rates for Metro Vancouver, Municipal Finance Authority, BC Assessment, and TransLink; before provincial credits</i>							
3	<i>Municipal/Library/Other includes Seniors Affordable Housing Tax</i>							
4	<i>Municipal/Library/Other includes Green Acres Foundation</i>							
5	<i>Before education property tax rebate of 50% for 2023; Includes frontage tax levy for a 50 foot lot</i>							



About Property Taxes

Providing for a Great Quality of Life

Property taxes collected from residential and non-residential property owners are one of the various revenue sources available to the City of Saskatoon.



The municipal portion of property tax collected by the City is used to fund the wide variety of core services we all rely on including police and fire protection, transit, roadway maintenance, snow removal, parks, and leisure and recreation centres.

The City of Saskatoon bills and collects property tax annually.

Each year your property tax bill consists of **three components**:

- > **Municipal Tax**
- > **Library Tax**
- > **Education Tax**

Municipal and Library Tax:

City Council approves the municipal and library budget each year to determine how much revenue is required to support and provide City services. From this amount, grants and other sources of revenue other than property tax are subtracted. The difference, sometimes called the revenue gap, determines the amount of revenue the City must collect from property tax each year.

Education Tax:

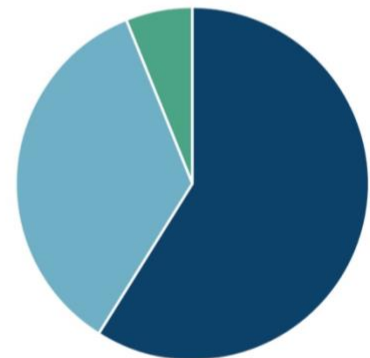
The Province of Saskatchewan sets the mill rates for Education Property Tax for all public school divisions. The Saskatoon Separate School Division set its mill rates and adopts the provincial mill rates. The City of Saskatoon is bound by provincial legislation to bill and collect education property tax from all property owners and sends it to the Province.

The City of Saskatoon does not keep education property tax for use in providing City services.

Changes to School Support can be processed by the City annually, before February.

In 2023, this was the distribution of the total tax collected by the City of Saskatoon

- City of Saskatoon **59%**
- Education **35%**
- Library **6%**



Property Tax for the Typical Homeowner

Tax Year	Median Assessed Value	Education Tax Portion	Library Tax Portion	Municipal (City) Tax Portion	Total
2023	\$345,000	\$1,253	\$219	\$2,087	\$3,559

For a residential property owner with a median assessed property value of \$345,000, in 2023, here is how the **Municipal (City) portion of property tax dollars** was allocated to civic services the City of Saskatoon provides:

Distribution of City Property Taxes

Service	Percent Share of Total	Value
Police	23.29%	\$486
Road Maintenance	12.82%	\$268
Fire	11.54%	\$241
Transit (includes Access Transit)	9.51%	\$198
Corporate Support Services (includes Governance, Finance, and all other support functions)	9.33%	\$195
Recreation/Culture	5.92%	\$124
Debt Charges	5.63%	\$117
Other (includes Facility Management, Street Lighting, Animal Services, and Cemeteries)	4.91%	\$102
Parks (includes Park Maintenance & Design, Urban Forestry, Pest Management)	4.77%	\$100
Community Grants/ Affordable Housing	3.59%	\$75
Snow & Ice Management	3.04%	\$63
Garbage Handling & Environmental Initiatives	2.54%	\$53
Urban Planning & Development	1.60%	\$33
Traffic Management	1.51%	\$32
Total	100.00%	\$2,087



Look up your 2023 municipal property tax allocation to key civic services like Police, Fire, Road Maintenance, Snow & Ice, Transit...

Interested in how your municipal (City) portion of 2023 property tax was invested in civic services? Slowly enter your street name (it will auto-fill for you after the first few letters), and then enter your building number next in the [Property Assessment & Tax Tool](#) and select the Tax Information Tab.



Is the reporting out on Full-Time Equivalent employees different from city to city?



Yes. Apples are apples and reports are reports - but they are not always the same. The reporting of Full-time Equivalent Employees (FTEs) varies across municipalities in Canada since it is not standardized - service levels and how services are delivered are different too.

Several factors and limitations can affect the number FTEs any city reports on so comparing FTEs across municipalities is challenging. It can be inaccurate to-state *like-for-like* direct comparisons when only looking at the total number of FTE employees any city has.

When comparing FTEs across Canadian municipalities, it is important to consider the following structural differences:

Contracted vs. in-house delivery: The FTEs it takes to deliver city services can vary dramatically if a city has chosen an in-house model versus a contracted model. For example when a City operates a municipal police service such as the Saskatoon Police Service they will include the associated FTE's in their reporting however when a municipality outsources their police service to the RCMP, for example, they typically do not show these resources in their FTE count.

Service Levels: Cities have different service levels as set and approved by City Council and this can drive FTE requirements. Understanding the set service levels between cities can help inform a useful comparison. A city may have more FTEs for park maintenance if they mow park space twice a week versus a city with a lower FTE count because they set their service level at a lower frequency, such as mowing once every two weeks. If only total FTE counts are compared, it would not show this.

Local vs Regional vs Provincially delivered services: When comparing municipalities across provinces it is important to note differences in their mandated or legislated responsibilities. While municipalities within the same province are consistent there are examples in some provinces where the provincial or regional body delivers services. For example, in BC, public transit is delivered by a provincial agency with regional satellites, so transit FTEs are not counted in the city's budget documents. The City of Saskatoon supports Saskatoon Transit and Access Transit, so these FTEs are all included in the total number.

Tax Supported vs. Non-Tax Supported: The City of Saskatoon delivers several services that are non-tax supported including utilities, Building and Plumbing, Parking, Licenses and Permits, Golf Courses, Impound Lot, Nutrien Playland, Gordon Howe Campsite and Land Development. The nature of tax-supported vs. non-tax-supported can vary between cities as a service provided in one municipality may be tax-supported while another municipality may have it as a non-tax-supported service. This will again affect total FTEs per capita.

Presentation Differences: While the general definition of what an FTE is (1.0 FTE = approximately 1,900 to 2,080 annual working hours depending on collective agreement working hours) is consistent across municipalities, what is reported in a city's budget documents can vary sizably. There is no legislative or standardized way to present FTE information, so each city can report at its discretion.

Governance/Operational Structures: Municipal governments' structure can vary, and these differences can affect the reported number of FTEs a city has. While the general core of services (road maintenance, police, fire, etc.) are relatively consistent, there can be examples where a service is delivered in one city but not another.

Unlike most cities, the City of Saskatoon operates its own power company, Saskatoon Light & Power, the City of Saskatoon is in the land development business through Saskatoon Land, and we also have a Water/Wastewater utility. These Divisions return revenue to the City to be reinvested in programs and services for our growing community.

For the full information on City FTEs and how Saskatoon compares to other municipalities check the Administrative report [here](#).



Have the City of Saskatoon's FTEs per capita decreased since 2016?

Yes. Saskatoon's FTEs per Capita (Per 1,000 Persons) have decreased since 2016.

For example, Civic Operations (Tax-Supported Less Police) in 2016 had 7.95 FTEs/1,000 persons and in 2023 it is estimated to be 7.68 FTEs/1,000 persons.

Undoubtedly, employee costs represent a significant part of any city's municipal operating expenses. The City of Saskatoon is transparent in its current use of approved FTEs to deliver and maintain quality services at Council's set service levels, make progress on City Council's priorities within its [2022-2025 Strategic Plan](#) and respond to a rapidly growing and diverse city.

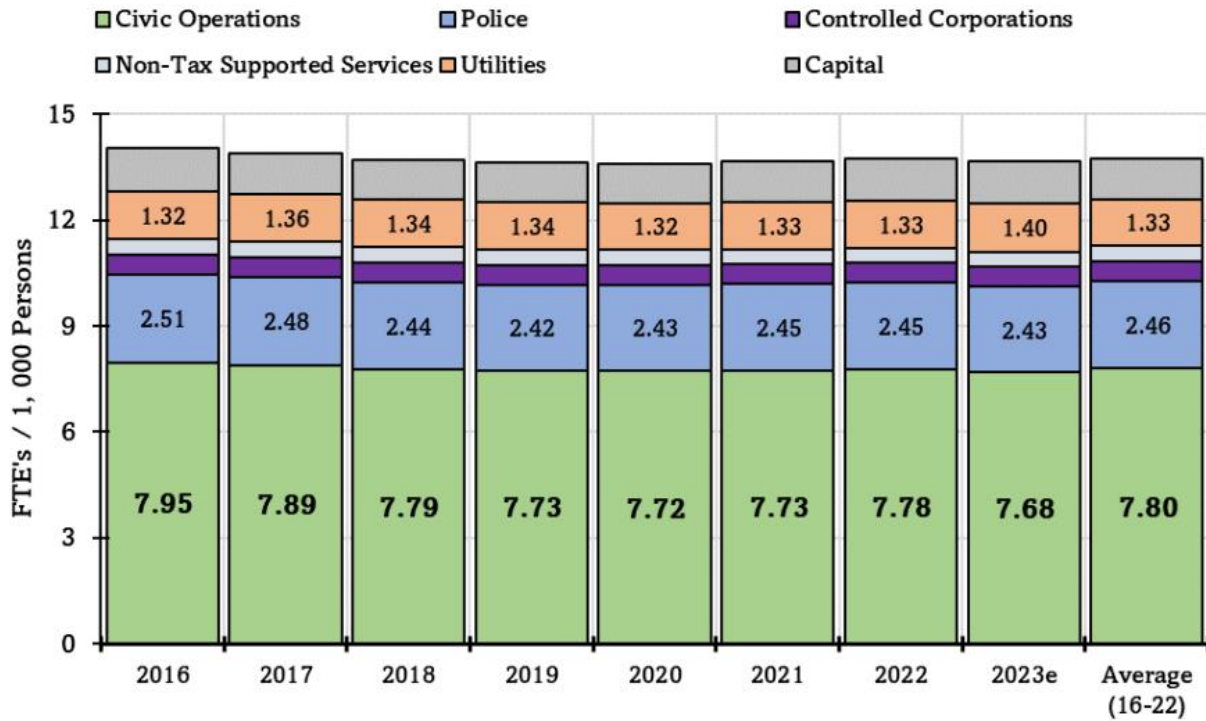


I have heard the City of Regina has approximately 2900 employees and the City of Saskatoon has about 4200 employees. Why so much variance here?

Differences in how municipalities report and the services they provide can have a large impact on the amount of FTE's they report out on. This chart below details the differences between Regina's reported FTEs vs. Saskatoon's.

Item	Saskatoon	Regina	Notes
Total FTE's Reported per 2023 Budget Documents	4,227.0	2,994.3	
Saskatoon Light & Power FTE's	(83.3)	-	Regina does not operate a Light & Power Utility, therefore in order to compare apples to apples, Saskatoon's Light & Power FTE's have been removed.
Regina Buffalo Pound FTE's	-	36.0	Regina and MooseJaw partner to manage the Buffalo Pound Water Treatment Corporation, whereas Saskatoon operates its own Water Treatment Plant. In order to compare apples to apples, Buffalo Pound resources (36 per their annual report) should be added back. No information could be found on the FTE requirements for Regina's EPCOR Wastewater Treatment operations, therefore even though they should be added back, the figures are not available.
Library FTE's	(206.8)	-	Regina does not report out on their Library FTE's. Therefore in order to compare apples to apples, Saskatoon's Library FTE's have been removed.
Controlled Corporation FTE's	(165.5)	-	Regina does not report out on their Controlled Corporate FTE's. Saskatoon reports out on SaskTel Centre, Remai Modern and TCU Place's FTE's. In order to compare apples to apples, Saskatoon's controlled Corporation FTE's have been removed.
Saskatoon Land FTE's	(19.4)	-	Regina does not operate a Land Development Corporation. Therefore in order to compare apples to apples, Saskatoon's have been removed.
Capital FTE's	(352.3)	-	Regina does not report out on their Capital FTE's. In order to compare apples to apples, Saskatoon's Capital FTE's have been removed.
Adjusted Total	3,399.7	3,030.3	
Adjusted FTE's Per 1,000 People	11.79	12.49	

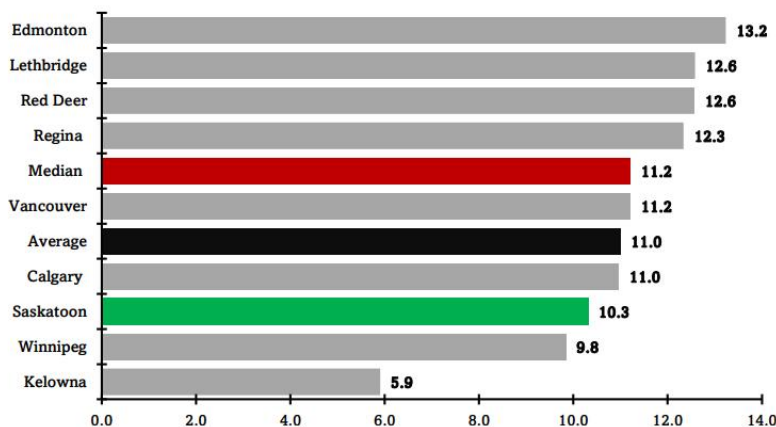
City of Saskatoon FTEs Per Capita (Per 1,000 Persons)



Property Tax Supported FTE

20²⁴₂₅
Multi-Year Budget

Revised 2023 Budget Tax Supported or General Fund FTEs per 1,000 persons ;By Selected Western Canadian Cities
Sources: Population from Statistics Canada Table 17-10-0142-01; FTEs from published budget documents on City websites



Excludes: Utilities, Library, Boards/Corps & Non-Tax Supported Operations

City of Saskatoon



Is any portion of the starting funding gap for 2024 or 2025 a result of the City planning for a new downtown arena, new central library or because of the roll-out of green carts or other major projects?



No. The **Downtown and Entertainment Event District** does not contribute to the funding gap for 2024 and 2025. The funding plan for this project is currently in development and will be presented to City Council for consideration through a series of reports beginning in late 2023/early 2024. While the exact funding plan is yet to be determined, a key overarching goal is that this project does not rely on property taxes.



No. The **Green Cart Collection Program** is funded through a combination of phase-in funding over several years and a monthly utility fee for single-family homes. The monthly Green Cart utility fee covers collection, composting, cart maintenance, education programs and program management. More billing information can be found at saskatoon.ca/utilityrates.



No. The **New Central Library** is an independent taxing authority, as reflected in the Library Levy, separate from the City of Saskatoon municipal property taxes. The funding plan for this project began in 2009, providing an affordable path to a new central library. The Saskatoon Library Board will be presenting their budget and their own potential property tax impact later in 2023. More information can be found at [Saskatoon Central Library / Cost & Funding Plan](#)

Regarding all other remaining capital projects, the reliance on property tax depends on the specific funding source of each individual project. Many of the City's capital projects do not rely on property taxes such as development projects, utility projects or projects that receive funding from other levels of government. The most significant annual capital project that relies on property tax funding is the City's Paved Roadway and Sidewalk Preservation program which received \$32.9 million in 2023.



Why has the City released early budget forecasts now, identifying the starting funding gaps and projected property tax increases for 2024 and 2025? It's still several months before finalizing the 2024/2025 Budget in November.

Administration's **2024/2025 Budget Status Update** provides a transparent view of the funding required to maintain existing service levels, maintain infrastructure for a growing city, and achieve City Council priorities as outlined in the [2022-2025 Strategic Plan](#).

The City is committed to providing City Council meaningful options over several planned **Special Budget Meetings** that could significantly help shift the 2024 and 2025 property tax rates.

The additional **Special Budget Meetings** are planned over the next months in the lead-up to November's Budget Deliberations. At these **Special Budget Meetings** City Council will review options presented by Administration aimed at significantly lowering the property tax rate for the 2024 and 2025 budget cycles.

As always, residents and members of the business community are invited to submit emails, write letters or request to speak in person during the planned upcoming Special Budget meetings.

It is important to note by identifying the funding gaps and any mention of early projected property tax rates is meant solely as the **starting point for the rest of the year – it is by no means the finalized property tax rate increases over the next two years**. City Council will explore savings options put forward by Administration and will work to find solutions to make investments in core services and programs to support the residents of Saskatoon. The 2024/2025 Budget and property tax rates will be finalized at City Council's final 2024/2025 Budget review and deliberations in November 2023.



How will the City's budget planning process involve and inform residents in the decisions to set the final property tax rate increase for 2024 and 2025?

Throughout the budget planning process, the City will be transparent through regular reporting, news releases, social media posts and other communications.

Members of the public can participate in the 2024-2025 multi-year budget process by [submitting a letter and/or requesting to speak to council](#) or contacting your City Councillor directly.



How will Council use public feedback to inform budget discussions?

Consistent with the engagement approach used in previous years, an online panel survey with a sample size of 800 will be conducted in 2023 via the following surveys:

- **Civic Satisfaction & Performance Survey** (Targeted Start Date: May 23 to early June 2023)
- **Civic Services Survey: Performance, Priorities & Preference** (Targeted Start Date: Early June to mid-June 2023)

These two surveys measure residents' perceived quality of life in Saskatoon, satisfaction with civic services, areas for improvement, and future priorities.

By completing both surveys in 2023, both Administration and City Council will have statistically reliable results available to inform them as part of the 2024/2025 Budget discussions in the months leading up to City Council finalizing its budget in November 2023.



BUDGET BASICS: Frequently Asked Questions



What is the City's budget?

Roads, bridges, pathways, and public transit that move people; police, bylaws, and fire services to keep people safe; parks, waste management, and drainage to keep neighbourhoods clean and healthy; and social programs and leisure activities to make Saskatoon a great place to live, work learn and play. These core areas reflect the top priorities of the City for the public it serves.

To achieve these priorities, the City budgets for the financial, human, and technological resources required to support infrastructure and the delivery of key civic services and various programs.

The City produces two distinct types of budgets each year; operating and capital.

What are the benefits of having a multi-year budget?

- **Improved transparency and decision-making** by providing City Council and residents with more information early in the budget planning process about the funding the City requires, where City funds are used, linking service costs to service levels and outcomes, and better connecting long-term goals to short-term spending decisions.
- **Increased accountability** for the City to deliver services to residents effectively and efficiently, while maintaining its focus on a sustainable future.
- Creates capacity within the organization by allowing more time in off-cycle years for Administration to perform value added work for residents as opposed to constantly budgeting. The City is often asked to do more with less and multi-year budgeting has saved thousands of hours every cycle in staff time.
- Importantly, the multi-year budget process provides the framework which **allows the City to quickly adapt, respond and adjust** to changing municipal, provincial, and federal environments if needed. There could be unforeseen changes to economic forecasts, council-directed changes or external factors (such as a pandemic) that could require the City's budget to be adjusted over the multi-year cycle.

What is an operating budget?

The City's **operating budget** outlines the City's spending plan to deliver core civic services to residents, and for the operational priorities to advance City Council's priorities within the 2022-2025 Strategic Plan. The operating budget provides for the day-to-day expenses to keep the City's operations running, including property taxes, user fees, licenses, and government grants.

Roads, bridges, pathways, and public transit that move people; police, bylaws, and fire services to keep people safe; parks, waste management, and drainage to keep neighbourhoods clean and healthy; and social programs and leisure activities to make Saskatoon a great place to live, work learn and play.

Operating Expenditure increases are usually the result of two key considerations:

- **The cost to maintain existing services:** Every year the City is faced with increases in expenditures because of inflationary requirements such as cost of living increases to wages, contractual obligated increases to contractors and vendors, and utility rate increases. And, as Saskatoon grows, there is the need to provide the existing service level over an expanded service area. For example, new neighbourhoods require transit service, street sweeping, roadway and park maintenance, and garbage collection, among other requirements. Without increases to the operating budget to account for inflation and growth pressures, the City may be unable to continue to provide the existing service levels.

- **Service level improvements:** Based on City's 2022-2025 Strategic Plan, there are several areas that City Council has directed the Administration to prioritize over the next several years. While some of these priorities can be achieved without financial impact, several initiatives may require financial investment. Examples include enhanced support for efforts within the reconciliation, equity, diversity and inclusion spaces, community safety, and Bus Rapid Transit.

What is the City's capital budget?

The City's capital budget focuses on the long-term, it provides investments in assets for the future of the city. The capital budget 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.

The City uses a variety of revenue sources and tools to pay for the projects contained in the capital budget such as borrowing, government grants, utility rates, and reserves. Although the City's Capital and Operating Budgets are distinctly different, there is a relationship between the two.

The City's capital budget and operating budget are linked.

To pay for some capital projects, the City transfers funds from the operating budget to various reserves. These reserves are then used to provide funding for the capital costs of various projects. Similarly, when the City borrows to pay for capital projects, the debt repayment comes from the City's operating budget.

Once the projects in the capital budget are fully constructed or operational, the City is required to pay for the ongoing maintenance and/or the operation of the project.

For example, when the City builds a new bridge, there is an obligation to ensure the bridge is maintained. When the City constructs a new recreation centre, we must ensure there is enough staff to operate the building. If a new transit vehicle is purchased, it will require a driver and yearly maintenance costs. These obligations, therefore, have an impact on the operating budget.

Can the City budget for an operating surplus or a deficit?

As required by *The Cities Act*, all municipalities in Saskatchewan need to approve a balanced budget each year. Operating expenditures must be covered by operating revenues and if there is any remaining gap, property taxes must fund the remaining portion.

Legislation mandates that the City cannot budget for an operating surplus or deficit, unlike federal and provincial governments.

How does inflation impact the City's budget?

The costs to deliver City services rise with inflation as the cost of goods for the City continues to increase. As the cost of asphalt, labour and materials rises, so does the costs to maintain services. Unlike the Province or Federal Government, the majority of the City's revenues do not receive inflationary increases, and this creates significant pressure on the City's budget, especially when inflationary pressures are high.

Does population growth impact the City's budget?

The cost to deliver services rises as the city grows with new neighbourhoods and more people calling Saskatoon home. As additional hectares of park space or kilometres of roadways are added, so are additional costs to maintain them. However, many of the City's revenue sources also benefit from growth as new properties are constructed or facilities and programs see increased users. While not always perfectly aligned, revenue growth typically covers expenditure growth in a well-planned city.

Where does the operating money come from for the City to pay for its programs and services?

The City of Saskatoon generates operating revenue to pay for the delivery of its programs and services from **seven source categories**: general revenues, taxation, franchise fees, grants-in-lieu of taxes, government transfers, user fees, and investment income.

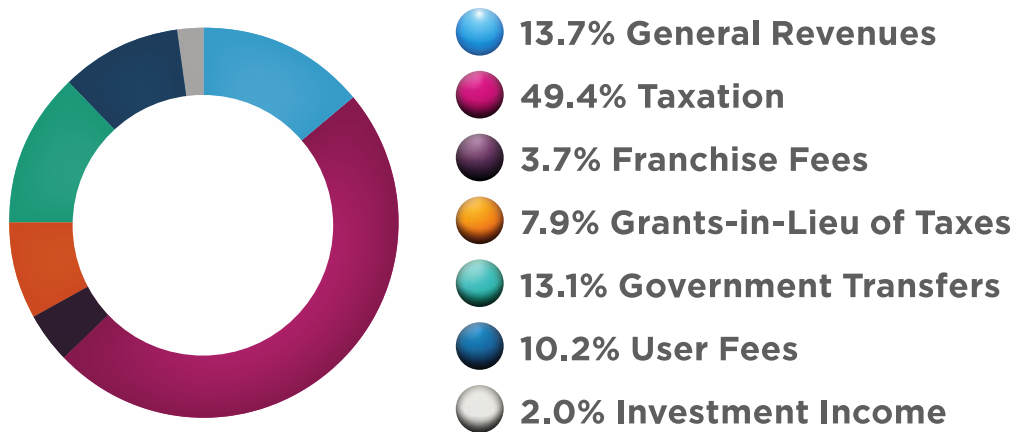
In **2022 and 2023**, approximately half (49.5% and 50.4%) of the City's 2022 and 2023 operating revenue comes from taxation. Taxation has been steadily rising as a share of operating revenues for two reasons:

- Tax-supported expenditures have been consistently increasing due to inflation, growth and service level increases; and
- Other non-tax revenues have not been keeping pace with rising costs, and this puts more pressure on the property tax to fund the revenue gap or shortfall.

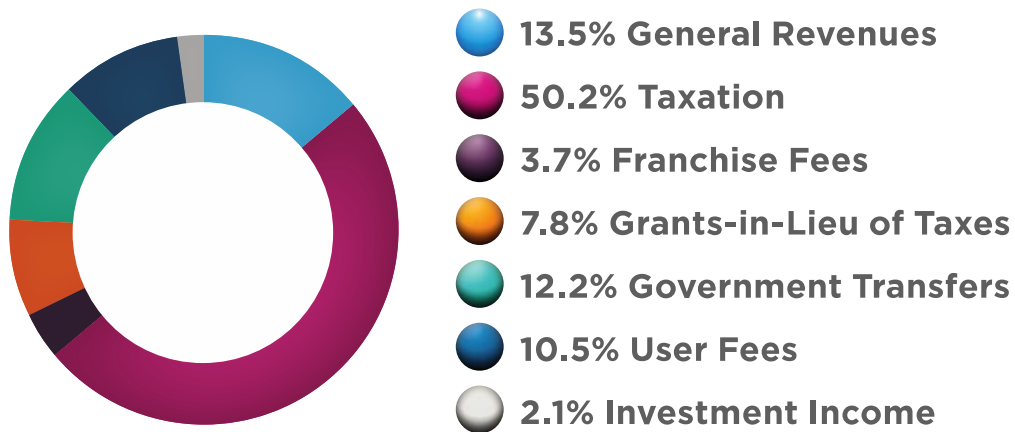
For Reference: 2022/2023 Operating Revenues



SOURCES OF 2022 OPERATING REVENUES



SOURCES OF 2023 OPERATING REVENUES



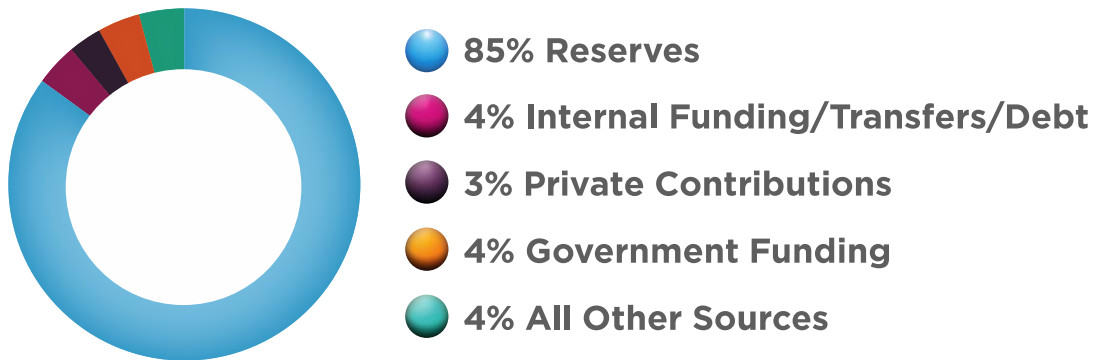


How does the City fund the building and maintenance of its infrastructure through its capital budget?

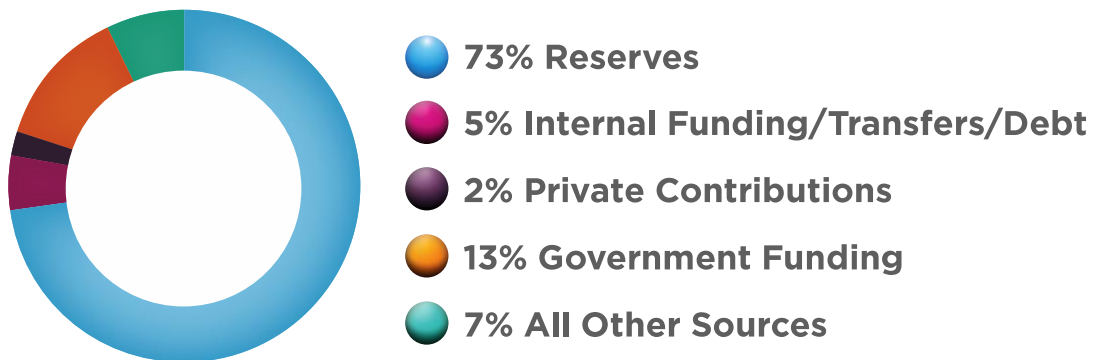
The largest source of funding for the last 2022/2023 Multi-Year Capital Budget came from **reserves**.



2022 CAPITAL BUDGET FUNDING SOURCES



2023 CAPITAL BUDGET FUNDING SOURCES



The City develops funding plans for major infrastructure assets not only because of growth but also for maintenance and replacement due to the aging of the assets.

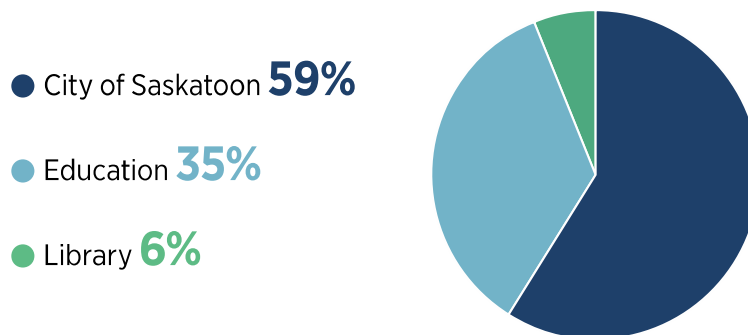
How is property tax collected and distributed by the City?

The City of Saskatoon collects property tax on behalf of three taxing authorities.

Of the total property tax collected for 2023, 35% was for **Education Tax** sent to the province to pay for education; 6% **Library Tax** goes to the Saskatoon Public Library; the remaining 59% **Municipal Tax** and is kept by the City to invest in civic services and programs. Education property taxes are set by the province in the spring of each year.

The City of Saskatoon does not keep Education property tax for use in providing City services.

Property owners are required to pay the full amount of property tax owing to the three taxing authorities as shown on yearly tax notices regardless of family status. **In 2023:**



City Council approves the City's budget annually and makes the final decisions on how much revenue is required from property taxes to balance the budget. In addition, City Council approves the tax ratio that describes how taxes will be distributed between residential and non-residential property classes.

January 19, 2023: S&P Global (S & P) reaffirmed the City of Saskatoon’s credit rating as the highest rating possible, a ‘AAA’ credit rating with a “stable” outlook.

The City has retained the ‘AAA’/Stable credit rating for twenty-one years since S&P first began affirming the City’s credit ratings in 2002.

Maintaining the top 'AAA' credit rating through post-pandemic and global inflationary pressures is a testament to the City's strong financial management and adaptability.



S&P states rationale contributing to the City’s strong credit rating within [January 19, 2023, S&P Global Ratings Direct® Report:](#)

- The City's “strong and prudent financial management is a key credit strength” and “the City’s management team is experienced and qualified to effectively enact fiscal policies and respond to external risks.”
- The City “demonstrates good political and managerial strength with its lengthy track record of passing budgets with minimal variations from budgeted revenues and expenses.”
- S & P views “management accountability as strong and financial policies as prudent. Management’s disclosure and transparency are good, and the city prepares robust annual budget documents. The City prepares multi-year operating and capital budgets for subsequent years, as well as long-term capital and borrowing plans. We believe that this supports fiscal transparency and discipline.”
- The City maintains “exceptional liquidity and debt is supported by high operating margins, which over five years exceed total direct debt outstanding, highlighting the small and manageable debt burden.”

Having been affirmed with a “AAA”/Stable Outlook credit rating allows the City to borrow at the lowest possible interest rates as the City is seen as an organization that has an extremely strong capacity to meet financial commitments.

[January 19, 2023, S&P Global Ratings Summary Analysis Report City of Saskatoon](#)

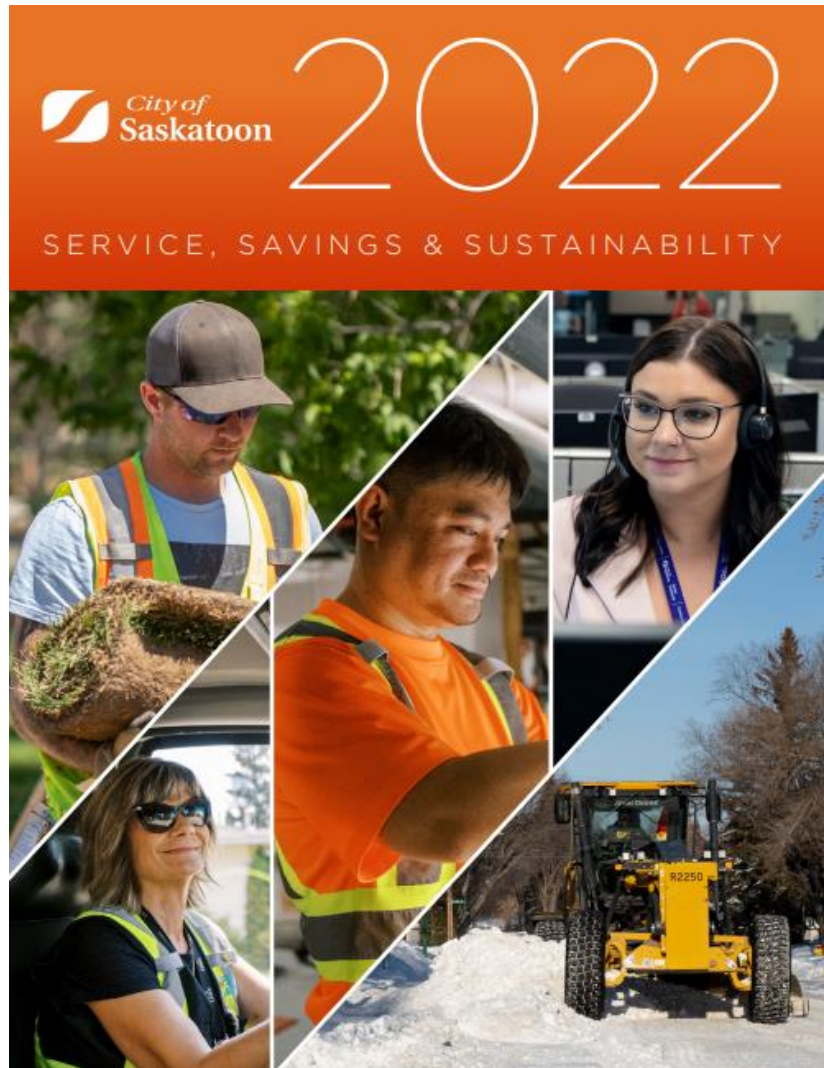
News Release January 19, 2023: [City of Saskatoon maintains 21st consecutive ‘AAA’/Stable credit rating; reaffirmed by S&P Global Ratings](#)

Receiving the 'AAA'/Stable credit rating essentially means that the City of Saskatoon can borrow money at lower rates and is viewed by financial institutions as having virtually no-risk with respect to defaulting on credit.

The [2022 Service, Savings & Sustainability Report](#) highlights how the City of Saskatoon is committed to continuous improvement and providing the best possible service to meet the changing needs of a growing and diverse community.

Despite navigating post-pandemic challenges, continued lower revenues and the pressures of global inflation, this report highlights how the City captured year-over-year savings, found new efficiencies and managed the City smartly and sustainably in 2022.

Reflected are highlights of how the City, as a steward of taxpayer dollars, explored innovative and creative means to enhance the delivery of essential core services residents rely on now and in the future.



Other References: Presentations, Related Documents, News Releases

[2024/2025 Budget Status Update CFO Media Presentation, June 7, 2023](#)

[News Release June 7, 2023: 2024/2025 Budget Status Update](#)

[2024/2025 Budget Status Update CFO Presentation, June 14, 2023](#)

[Information Report: 2024/2025 Budget Status Update, June 14, 2023](#)

[News Release July 19, 2023: 2024/2025 Budget action plan: revised funding gap, numerous options to lower property tax](#)

[2024/2025 Budget Information Report, July 25 GPC Special Budget Meeting](#)

[News Release July 25, 2023: City Council shaves projected funding gap by \\$21.6 million in 2024 and \\$1.6 million in 2025; additional reduction measures on deck for August meeting](#)



ADDITIONAL CHARTS/GRAPHS FOR REFERENCE

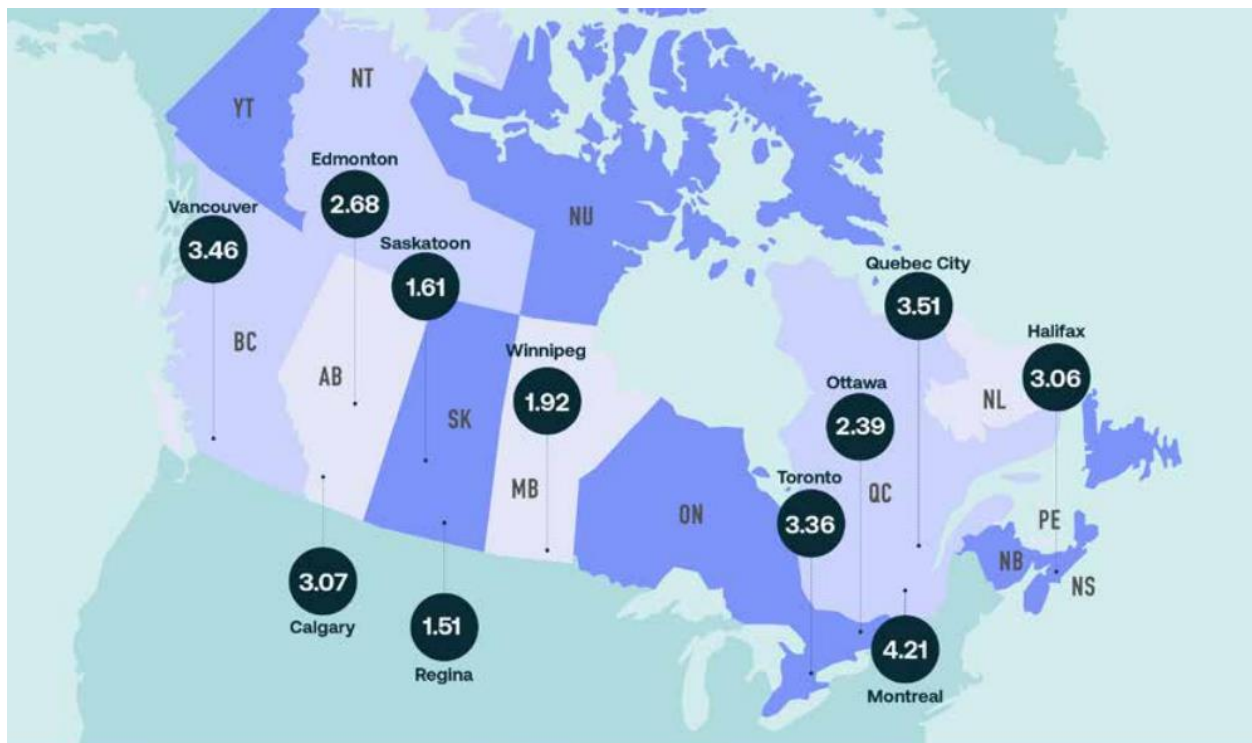
Commercial Tax Rates:

About commercial-to-residential tax ratios

The commercial-to-residential tax ratio compares the commercial tax rate to the residential tax rate. For example, if the ratio is 2.50, this means that the commercial tax rate is two-and-a-half times (2.5x) the residential tax rate. At a ratio of 2.50, a property with a value of \$1 million used for business purposes will pay 2.5 times the property tax of the same property used for residential purposes.

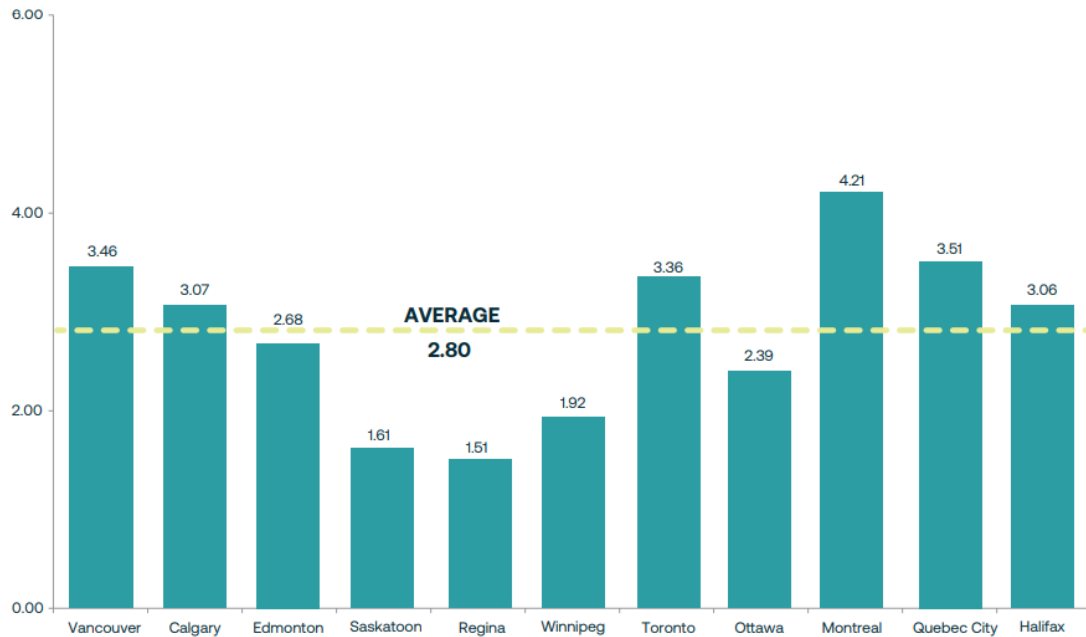
Tax ratios in Saskatoon and Regina remain the lowest in our survey at 1.61 and 1.51, respectively - unchanged from 2021.

Source for all narrative & charts/graphs: [Canadian Property Tax Rate Benchmark Report, October 2022, Altus Group](#)



2022 commercial-to-residential tax ratios of major urban centres across Canada

2022 commercial-to-residential tax rate ratios



Year-over-year commercial and residential tax rate activity

The chart below illustrates the changes in commercial and residential rates and resulting ratio changes for the benchmark cities between 2021 and 2022. Rates for additional municipalities are found in the appendix.

City	COMMERCIAL			RESIDENTIAL			COMMERCIAL / RESIDENTIAL RATIO		
	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change
Vancouver	\$9.97	\$9.31	-6.61%	\$2.92	\$2.69	-7.86%	3.41	3.46	1.35%
Calgary	\$20.61	\$21.93	6.44%	\$7.41	\$7.15	-3.47%	2.78	3.07	10.27%
Edmonton	\$24.15	\$25.18	4.28%	\$9.59	\$9.39	-2.11%	2.52	2.68	6.53%
Saskatoon	\$15.63	\$16.15	3.30%	\$9.72	\$10.02	3.12%	1.61	1.61	0.18%
Regina	\$16.68	\$17.14	2.74%	\$11.07	\$11.38	2.83%	1.51	1.51	-0.09%
Winnipeg	\$23.05	\$23.00	-0.22%	\$11.95	\$11.95	0.01%	1.93	1.92	-0.23%
Toronto	\$21.03	\$21.22	0.92%	\$6.11	\$6.32	3.42%	3.44	3.36	-2.42%
Ottawa	\$26.48	\$27.41	3.51%	\$11.16	\$11.45	2.54%	2.37	2.39	0.95%
Montreal	\$36.24	\$34.66	-4.35%	\$8.70	\$8.23	-5.37%	4.17	4.21	1.08%
Quebec City	\$34.97	\$35.28	0.90%	\$10.09	\$10.05	-0.40%	3.47	3.51	1.30%
Halifax	\$33.94	\$35.30	4.01%	\$11.89	\$11.54	-2.94%	2.85	3.06	7.16%
Average	\$23.88	\$24.23	1.46%	\$9.15	\$9.11	-0.43%	2.73	2.80	2.42%

Tax rates in this chart are calculated by multiplying the commercial tax rate by 1000 to give the taxes paid per \$1,000 of assessment. Where mill rate factors are applicable, the mill rate is multiplied by the mill rate factor before calculating the ratio.

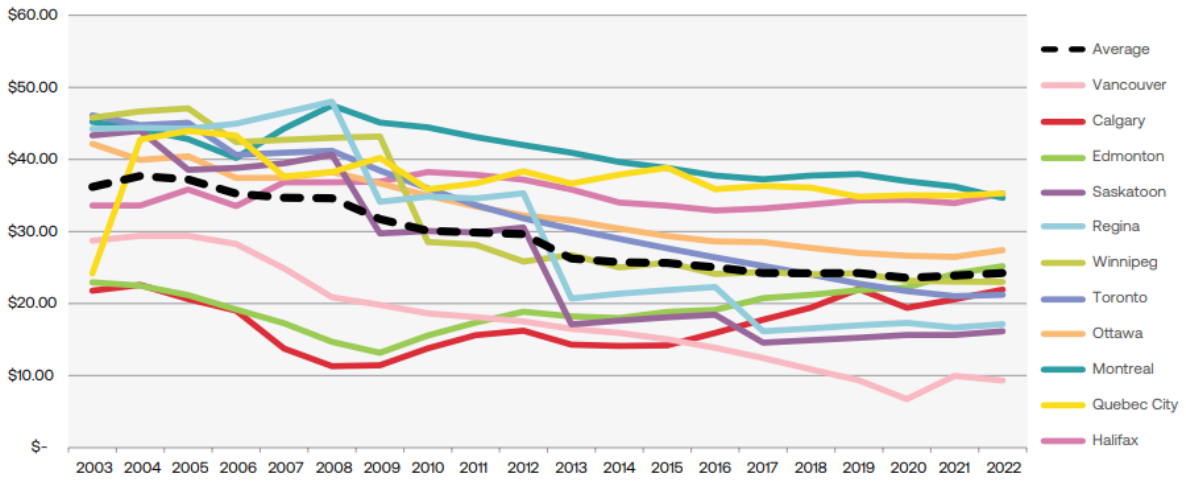
Rates shown have been rounded to two decimal places. The % change is based on unrounded values.

2022 estimated commercial property taxes per \$1,000 of assessment



Tax rates in this chart are calculated by multiplying the commercial tax rate by 1,000 to give the taxes paid per \$1,000 of assessment. Where mill rate factors are applicable, the mill rate is multiplied by the mill rate factor before calculating the ratio.

Commercial property taxes per \$1,000 of assessment



Tax rates in this chart are calculated by multiplying the commercial tax rate by 1,000 to give the taxes paid per \$1,000 of assessment. Where mill rate factors are applicable, the mill rate is multiplied by the mill rate factor before calculating the ratio.

City	COMMERCIAL			RESIDENTIAL			COMMERCIAL / RESIDENTIAL RATIO		
	2021	2022	% change	2021	2022	% change	2021	2022	% change
British Columbia									
Vancouver	\$9.97	\$9.31	-6.61%	\$2.92	\$2.69	-7.86%	3.41	3.46	1.35%
Burnaby	\$10.66	\$9.65	-9.52%	\$3.17	\$2.84	-10.29%	3.36	3.39	0.86%
Coquitlam	\$13.09	\$11.92	-8.94%	\$3.79	\$3.26	-13.89%	3.45	3.65	5.74%
Richmond	\$9.59	\$8.53	-11.05%	\$3.40	\$2.97	-12.80%	2.82	2.88	2.01%
Surrey	\$10.08	\$8.67	-13.92%	\$3.42	\$2.80	-17.97%	2.95	3.09	4.93%
Victoria	\$10.71	\$10.53	-1.66%	\$3.22	\$2.89	-10.32%	3.33	3.65	9.67%
Alberta									
Calgary	\$20.61	\$21.93	6.44%	\$7.41	\$7.15	-3.47%	2.78	3.07	10.27%
Edmonton	\$24.15	\$25.18	4.28%	\$9.59	\$9.39	-2.11%	2.52	2.68	6.53%
Saskatchewan									
Saskatoon	\$15.63	\$16.15	3.30%	\$9.72	\$10.02	3.12%	1.61	1.61	0.18%
Regina	\$16.68	\$17.14	2.74%	\$11.07	\$11.38	2.83%	1.51	1.51	-0.09%
Manitoba									
Winnipeg	\$23.05	\$23.00	-0.22%	\$11.95	\$11.95	0.01%	1.93	1.92	-0.23%
Ontario									
Toronto	\$21.03	\$21.22	0.92%	\$6.11	\$6.32	3.42%	3.44	3.36	-2.42%
Ottawa	\$26.48	\$27.41	3.51%	\$11.16	\$11.45	2.54%	2.37	2.39	0.95%
Windsor	\$42.35	\$43.05	1.67%	\$18.19	\$18.54	1.93%	2.33	2.32	-0.26%
London	\$32.39	\$33.04	2.01%	\$13.88	\$14.22	2.45%	2.33	2.32	-0.43%
Hamilton	\$29.70	\$30.43	2.45%	\$12.09	\$12.45	3.04%	2.46	2.44	-0.57%
Sudbury	\$33.54	\$36.28	8.16%	\$15.47	\$15.90	2.81%	2.17	2.28	5.20%
Mississauga	\$18.66	\$19.07	2.17%	\$8.03	\$8.30	3.32%	2.32	2.30	-1.12%
Quebec									
Montreal	\$36.24	\$34.66	-4.35%	\$8.70	\$8.23	-5.37%	4.17	4.21	1.08%
Quebec City	\$34.97	\$35.28	0.90%	\$10.09	\$10.05	-0.40%	3.47	3.51	1.30%
Atlantic									
Halifax	\$33.94	\$35.30	4.01%	\$11.89	\$11.54	-2.94%	2.85	3.06	7.16%
Moncton, NB	\$46.80	\$44.16	-5.64%	\$16.69	\$15.67	-6.14%	2.80	2.82	0.54%
St. John's, NL	\$26.10	\$26.90	3.07%	\$7.70	\$8.30	7.79%	3.39	3.24	-4.39%

Tax rates in this chart are calculated by multiplying the commercial tax rate by 1,000 to give the taxes paid per \$1,000 of assessment. Where mill rate factors are applicable, the mill rate is multiplied by the mill rate factor before calculating the ratio.

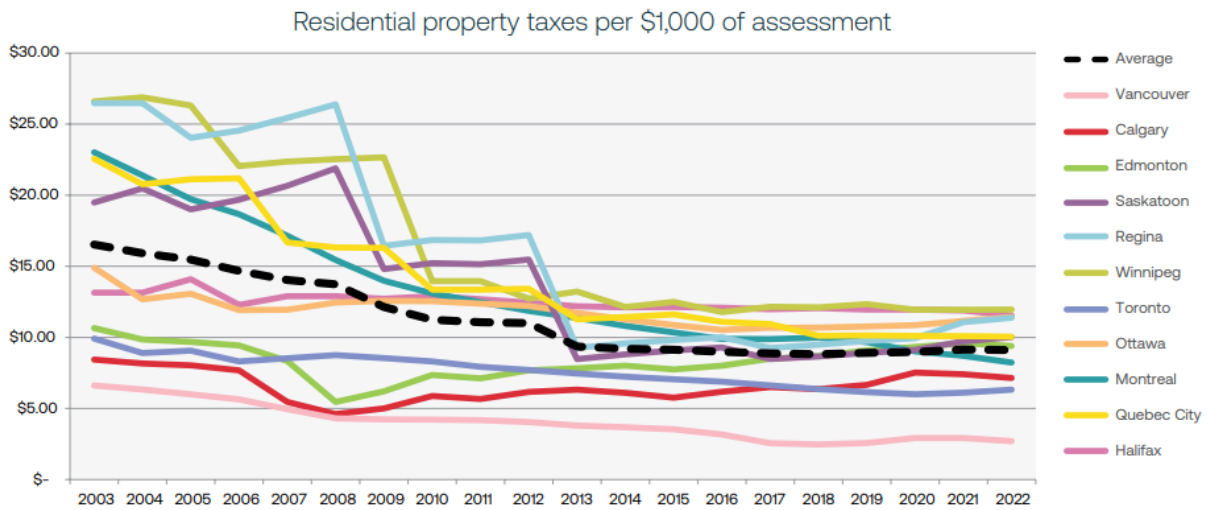
Rates shown have been rounded to two decimal places. The % change is based on unrounded values.

Residential Rates:

In 2022, Regina and Saskatoon increased residential rates by 2.83% and 3.12%, respectively – Regina increased to \$11.38 per \$1,000 and Saskatoon to \$10.02. Both residential and commercial rates were increased to meet municipal funding requirements, resulting in stable ratios.



Tax rates in this chart are calculated by multiplying the commercial tax rate by 1,000 to give the taxes paid per \$1,000 of assessment. Where mill rate factors are applicable, the mill rate is multiplied by the mill rate factor before calculating the ratio.



Tax rates in this chart are calculated by multiplying the commercial tax rate by 1,000 to give the taxes paid per \$1,000 of assessment. Where mill rate factors are applicable, the mill rate is multiplied by the mill rate factor before calculating the ratio.