

July 18, 2023

His Worship the Mayor and Members of City Council
222 3rd Ave. N.
Saskatoon, SK S7K 0J5

Dear Mayor Clark and Members of City Council,

RE: Addressing the Funding Gap in the Indicative Budget Report

On behalf of the NSBA – Saskatoon's Business Association, I am writing to address the recent indicative budget report highlighting a significant funding gap of \$52.4 million in 2024 and \$23.2 million in 2025. This financial challenge requires immediate attention and careful consideration to ensure our city's long-term sustainability and growth.

We understand the challenges posed by the funding gap and appreciate the need to find effective solutions rather than solely criticize the situation. That being said, the NSBA has carefully reviewed the budget report and has drafted several recommendations as possible solutions to bridge the funding gap. It is important to note that there is not a single silver bullet solution, therefore, a number of difficult decisions must be made across the board to achieve the desired outcome. We believe implementing these measures will be a starting point to help reduce the current financial strain. Our recommendations are as follows:

1. **Reduce staffing levels in specific departments:** We recommend conducting an external human resource audit with a goal of reducing staffing by 10 per cent. Particular areas of review should include staffing levels in departments such as Environmental Sustainability, Human Resources and Labour Relations, Communications, and Planning and Development. Assessing staffing levels based on per capita, per service, and citizen metrics compared to similar-sized cities will help identify areas for potential optimization. It is imperative that these reductions are not customer-facing, frontline positions which deal directly with the taxpayer. Limit new hires to essential roles such as police officers and firefighters, prioritizing public safety over administrative or managerial positions. Look to Edmonton, for example, where cuts at top-level positions and department shuffles are being conducted.
2. **Implement a more stringent efficiency and productivity agenda:** Although productivity has been measured and scrutinized in the past, this agenda must be pursued much higher to ensure that employees effectively manage their time and resources to the maximum extent possible for the taxpayers' benefit.
3. **Anticipate reduced revenues due to inflation and changes in spending patterns:** The NSBA believes it is time for the city to acknowledge that revenues may not return to pre-pandemic levels as anticipated, considering inflation and potential changes in spending patterns. Budgeting with this reality in mind will help avoid further financial strain.
4. **Discontinue programs that higher levels of government should fund:** It is essential to ensure that programs and services that rightly fall under the jurisdiction of higher levels of government are adequately funded by them. We noticed that cities tend to fund programs meant for other

.../2

levels of government. For example, in, 2021 City of Vancouver spent \$219 million on provincial and federal responsibilities, equivalent to almost 15 per cent of their annual operating budget. It is imperative that Saskatoon does not fall into the same trap.

5. **Postpone capital and operational expenses for green initiatives:** While we value environmental sustainability, it is necessary to temporarily postpone certain capital and operating expenses related to green initiatives. Exploring alternative funding sources from higher levels of government can help alleviate the financial burden on the city.
6. **Pause all major capital projects:** NSBA has supported some of the capital projects by the city, but at this time, we strongly believe temporarily suspending major capital projects, such as BRT, Downtown Event and Entertainment District, and the new Library should be undertaken until finances are in order. We must emphasize our support of the DEED project has not diminished or changed, but we are recommending it be put on hold for the time being. In addition, revisit the entire library project and consider it a P3 with retail, commercial and residential included as a possible model.
7. **Liquidate Greenhouses on 33rd Street and Avenue P:** Sell the land immediately for infill development and utilize the funding to offset the shortfall in the budget for the next few years. Because this is a one-time opportunity, it should not be done exclusively without the other recommendations contained in our submission.

We urge you to recognize the urgency of the current financial situation and make the necessary hard decisions. Previously our recommendations were often overlooked, even during the pandemic, when it presented an opportune time for proactive measures. It is time to learn from the past and also learn from the experiences of, not only the business leaders we represent, but also from other cities, such as Edmonton, which recently set a goal of finding \$60 million in savings in its 2023-2026 operating budget. In our case, we believe the funding gap for 2024/2025 multi-year budget can be eliminated by these recommendations above, which prioritize essential services.

Now is the time to listen, analyze, and act. We understand that these recommendations may involve difficult choices but are essential for our city's long-term sustainability and prosperity. The NSBA is ready to support City Council in any way possible during this important phase.

Thank you for your attention to this matter, and we look forward to continued collaboration for the betterment of our city.

Sincerely,



Keith Moen
Executive Director