



# Memo

May 25, 2022

To: Members,  
Executive Committee

Re: Economic and Preliminary 2023-2024 Budget Development Update

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## **RECOMMENDATION**

That the Executive Committee receive and file this communication.

## **BACKGROUND**

Administration will provide an economic update and information on the 2023-2024 Budget Development. The update will have four key components:

1) An economic update.

The economic environment provides important context for the City's budget. The 2023-2024 Budget, the City's first multi-year budget which includes a two-year operating budget and five-year capital plan, is being developed as recovery from the pandemic continues. Usage of City services, such as transit and recreational programs, has not yet returned to pre-pandemic levels in 2022, which impacts City revenue and expense projections. However, economic experts are predicting that Canada's economy should return to almost pre-pandemic levels by 2023. Another considerable factor is on-going world events which have impacted the global economy, as sharply higher oil and other commodity prices add to inflation pressures, interest rate hikes and supply chain challenges in Canada and across the world.

2) An overview of how Council strategic priorities influence the budget development.

The City's work is guided by Council's strategic direction, which presents Council priorities of Economic Prosperity, Environmental Sustainability, Community Safety & Well-being, Vibrant Community and Operational Excellence. In developing the 2023-2024 Budget, Administration will ensure that investments

are prioritized and aligned to these priorities.

Long-term financial viability and service sustainability is a key challenge facing the City due to numerous factors including the economic environment, increased demand for new services or programs, aging infrastructure and constraints on revenue growth. While these challenges are not unique to Regina, strong financial management, difficult decision-making, and innovative service delivery are necessary to advance Council strategic priorities, including achieving long-term financial viability and operational excellence characterized by citizen-focused service and performance.

3) A preliminary review of the opportunities and challenges of the 2023-2024 Budget Development.

Excluding any potential financial impact of COVID-19, the general increases in the cost of providing services are outstripping general or natural increases in the City revenues. The expenditure pressures faced by the City are compounded by the inability to generate new revenue quickly and easily. Property taxes are the primary sources of revenue for the City with the balance of revenues coming from fees and charges, and grants from other levels of government. The ability to access other forms of taxation is limited by legislation and has resulted in the City generating a larger portion of its overall revenue from property taxes. This creates challenges as Administration attempts to balance the increasing costs of providing services with the desire to keep property taxes affordable.

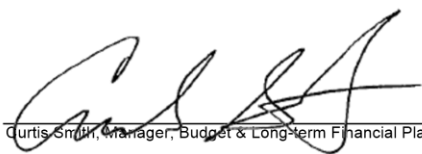
To respond to these challenges and achieve long-term financial viability, the City must continuously improve, increase efficiency, innovate and look for ways to do things differently while continuing to effectively provide services to Regina's residents. The Efficiency Review completed in 2021 identified opportunities to improve the City's financial sustainability. Implementation of the 14 priority opportunities for savings and innovation is expected to generate benefits and savings that will be strategically reinvested in alignment with our strategic direction, which will be built into the 2023-2024 Budget.

4) An overview of the 2023-2024 Budget Development and public engagement timelines.

Administration is planning to leverage 2023-2024 Budget public engagement and participation opportunities online over the coming months through the Be Heard Regina platform.

Respectfully submitted,

Respectfully submitted,



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5/2/2022



Barry Lacey, Exec. Director, Financial Strategy & Sustainability

5/12/2022

Prepared by: