

Recovery Park Revised Funding Plan

ISSUE

The estimated cost for the revised Recovery Park project is \$31.1M. The current budget allocates \$23.4M for Landfill infrastructure replacement and Recovery Park site design and construction. This report presents a funding plan for the additional cost for the project based on the option that was approved by City Council in December 2019.

RECOMMENDATION

1. That the Recovery Park and Saskatoon Regional Waste Management Centre Project (Capital Project No. 2050) be adjusted to reflect a total cost of \$31.1M;
2. That the additional expenditures be funded from the Investing in Canada Infrastructure Program and the revised funding plan within this report;
3. That if the Investing in Canada Infrastructure Program funding is not confirmed, the full additional amount of \$7.7M be funded by borrowing subject to a Public Notice Hearing for Borrowing; and
4. That if the funding is approved from the Investing in Canada Infrastructure Program, His Worship the Mayor and the City Clerk be authorized to execute and deliver the contribution agreement for Capital Project No. 2050.

BACKGROUND

On December 16, 2019, City Council resolved the following for the Landfill Infrastructure Replacement and Recovery Park Design Options:

“That Option 3: Additional Recovery, Scaled and Non-Scaled, be approved for the Recovery Park site design, and that the Administration report back with a funding plan for the revised project costs.”

DISCUSSION/ANALYSIS

The previous approved funding plan for the Recovery Park Project (Capital Project No. 2050) as approved at City Council on August 27, 2018, is for \$23.4M of which \$12.8M is funded through borrowing. The remainder is funded from various City of Saskatoon (City) reserves, operating contributions, and reallocated funds. Since that report, the timing of the project has been extended, which results in additional property tax phase-in dollars earmarked for borrowing being available for the project resulting in less borrowing being required. The property tax phase-in to fund the revised \$10.6M in borrowing is \$865,000, which was added to the operating budget in 2019, and an additional \$86,100 is to be added in 2022 (total of \$951,100).

As resolved by City Council on December 16, 2019, the approved option (Option 3) will add costs of \$7.7M to the project. There are two funding plans outlined in this report to cover these additional costs. The first assumes receiving funding through the Investing in Canada Infrastructure Program (ICIP), and the second assumes that the ICIP funding will not be approved in time for the project to continue and therefore relies on the borrowing of a larger amount.

Investing in Canada Infrastructure Program Funding Plan

The Administration has submitted a portion of this project to the federal and provincial governments for consideration under the ICIP. The portion submitted is for work that could be delayed until late 2020 or early 2021 to allow for the funding agreement to be put in place. It is anticipated that announcements of approved funding could be made by June 2020. If approved, approximately \$9.4M in funding would be received by the City. This would result in a total borrowing requirement of \$8.9M. The property tax phase-in plan, which was approved and started in 2019 to fund the borrowing, could remain at \$865,000 with the money being allocated to the project costs until borrowing is required.

Funding Plan without Investing in Canada Infrastructure Program Funding

If ICIP approval is not received by the time the project needs to be tendered in late 2020, increased project funding through borrowing would be required. In this case, the total borrowing requirement would be \$18.3M. The property tax phase-in to fund the repayment of the borrowing will require an additional \$779,000 to be added in the 2022 budget (total of \$1.64M).

FINANCIAL IMPLICATIONS

Table 1 details the amounts of the borrowing and property tax phase-in of the original budget approval, the revised Option 3 with ICIP funding, and Option 3 without ICIP funding.

Table 1:

	Reserves or Operating Contribution	Borrowing	ICIP	Total	Property Tax Phase-in Required	Additional Property Tax Increase Required in 2022
Original Project Approval	\$12.8	10.6	-	\$23.4	\$0.95	0.04%
Revised with ICIP Funding	\$12.8	8.9	9.4	\$31.1	\$0.87	0.00%
Revised without ICIP Funding	\$12.8	18.3	-	\$31.1	\$1.64	0.32%

OTHER IMPLICATIONS

There are no privacy, legal, social, or environmental implications identified.

NEXT STEPS

The Cities Act and The Public Notice Policy Bylaw No.8171 require that City Council give public notice before borrowing money. On August 27, 2018, a public notice was given for a borrowing amount of \$12.8M; therefore, if additional borrowing is approved a public notice will be required for the revised amount.

The Administration will report back on the outcome of the ICIP application for funding.

REPORT APPROVAL

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