
Funding Plans Update

Recommendation

That the updated Civic Facilities Funding Plan, Major Transportation Infrastructure Funding Plan, and Gas Tax Allocation Plan be approved.

Topic and Purpose

The purpose of this report is to provide an update of the Civic Facilities Funding Plan, Major Transportation Infrastructure Funding Plan, and Gas Tax Allocation Plan based on updated projects and estimates available.

Report Highlights

1. The Civic Facilities Funding Plan, Major Transportation Infrastructure Funding Plan, and Gas Tax Allocation Plan have been updated to reflect the requirements and budget allocations for 2017.
2. The Plans are constantly evolving and projects and allocations past 2017 will likely change and be updated for the 2018 Budget.

Strategic Goal

The Plans support the four-year priority of developing funding strategies for expenses related to new capital expenditures under the Strategic Goal of Asset and Financial Sustainability.

Background

The purpose of the Civic Facilities Funding Plan is to fund a number of major civic facilities over the next ten years. The following projects are included in the Plan, as previously approved by City Council:

- New Police Headquarters
- Trunked Radio System Infrastructure
- Relocation of two Fire Halls (land, design, construction)
- Civic Operations Centre – Transit Relocation and Development of Snow Storage Facility (construction and operation)
- Civic Operations Centre – City Yards Relocation (construction and operation)
- Rемаi Modern Art Gallery of Saskatchewan (additional capital requirements)
- Civic Office Space Renovations/Expansion
- Project Contingencies

The Major Transportation Infrastructure Funding Plan was approved by City Council in 2015 and sets out the funding plan for the North Commuter Parkway and Traffic Bridge, and also includes:

- Boychuk Drive/Hwy 16 interchange
- McOrmond Drive/College Drive interchange
- An accelerated transit bus replacement program
- Contributions toward the Bus Rapid Transit (BRT) initiative
- Gravel street upgrades
- Contributions to the Bridge Major Repair Reserve

Report**Civic Facilities Funding Plan**

Attachment 1 is a summary of the projects and funding sources included within the Civic Facilities Funding Plan including the cash flow requirements, up to and including the year 2025.

Since the last time this Plan was confirmed and approved by City Council during the 2016 Business Plan and Budget Review in December 2015, the following changes are being recommended to the Plan:

- **City Yards Relocation**
Included in the second phase of the Civic Operations Centre (COC) is the relocation of the City Yards from its existing location in the North Downtown to the COC. An estimated \$92 million was included in the Plan with the funding almost entirely coming from debt. With the approval of the Growth Plan in 2016, the Administration is recommending that the City Yards Relocation project be reconsidered along with the Satellite Yards Capital Project (Project 2259) and other future operational requirements to serve a population of 500,000 as well as any regional opportunities. The intent is to consider future civic operations and strategic locations, potentially including snow dumps, parks operations, recycling and compost sites, and any other operational needs that match the implementation of the Growth Plan. By deferring this project, a more in-depth review can be undertaken to address these needs and determine the costs as well as consider any potential federal infrastructure funding to help reduce the requirement for debt. \$200,000 has been added to the Plan in the meantime to put resources to this operational review and is included in 2017 Capital Budget under Project 2259.

While the recommendation is to defer the project and temporarily remove it from the Plan (including debt), the Administration is strongly recommending to keep the phase-in strategy related to this project in place. The Plan is a very integrated one that considers cash flow, timing for borrowing and contributions from other sources and relies on the phase-ins as part of the overall Plan. In addition, base funding will very likely still be required for a replacement project for the City Yards Relocation in the future. This base funding, including the phase-ins, can still be used for cash flowing the Plan and/or reduce borrowing until such time a final decision on this project is made.

- **Emergency Back Up Power System – Capital Project 1943**
The objective of providing an uninterrupted power supply for City Hall in particular is to allow for business continuity for staff to deliver communication and services to citizens in the event of a power outage. This includes ensuring City Hall, as the centre of government, maintains business continuity during times of power failure, as well as call centres and other emergency communications. \$1.5 million has been added to the Plan funded from a combination of cash and borrowing.

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- **South Caswell Hill Redevelopment – Capital Project 2459**
This project involves the plan to transform the existing and soon to be closed Transit operations site to a mixed-use community. However, remediation studies and clean-up of the site will be required to prepare the area for redevelopment. \$1.5 million has been added to the Plan to cover these costs over 2017 and 2018 and is funded by a combination of cash and borrowing.
- **Contingencies**
An increase of \$3 million has been added to the Plan's contingency to cover potential over-expenditures for projects such as the Remai Art Gallery of Saskatchewan and other projects. This is funded from a combination of cash and borrowing.
- **Fire Halls – Refinement of Costs and Funding**
With the refinement of the capital project costs for the Fire Hall relocation and future fire hall projects as well as expected additional funding resulting from the sale of the held land in Stonebridge, the Plan has been slightly adjusted to match the most current estimates.

Major Transportation Infrastructure Funding Plan

Attachment 2 is a summary of the projects and funding sources included within the Major Transportation Infrastructure Funding (MTIF) Plan including the cash flow requirements, up to and including the year 2025.

This Plan was first approved by City Council during the 2016 Business Plan and Budget Review in December 2015. It needs to be emphasized that this Plan is still very tentative for the years beyond the 2017 budget year. The projects contained within the Plan are large and have significant impacts to the overall operations, as well as the funding requirements including borrowing and federal and provincial funding. As such, while the Administration is seeking approval of the Plan in principle, it is the approval of the projects within the 2017 Capital Budget that is important.

Adjustments to this Plan include changes resulting from federal funding programs and the beginning of the implementation of the Growth Plan. The following summarizes the changes to the Plan since approval of the 2016 Budget:

- **Interchanges – Boychuk/Highway 16 and McOrmond/College Drive**
An adjustment to the overall costs for both interchanges increases the amount in the Plan by \$6.5 million for a total \$97.65 million. These are funded by developer levies, interchange levies and Building Canada Funding.
- **Additional Interchanges – Marquis/Idylwyld and Marquis/Highway 16**
As a result of the Growth Plan implementation, an estimated \$55 million for each of these interchanges has been added to the Plan for a total \$110 million. These are tentatively scheduled for the years 2021 - 2024 and is currently in the plan funded through debt. Opportunities for other funding sources will be investigated to reduce borrowing requirements.

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- **Bus Rapid Transit and Corridors**
This was originally in the Plan at \$76.8 million which was a high-level estimate and since then has been revised to \$55.1 million based on the short-term implementation plan. Half of the funding is expected from the Building Canada Fund (National Infrastructure Component) while the remainder is funded from reallocated funds from utility projects that benefited from Building Canada Funds.
- **Bus Purchases**
The previous Plan had \$16.4 million in purchases identified which has increased to \$24 million using the Public Transit Infrastructure Funding (PTIF) and reallocated utility project funds from projects that benefited from Building Canada Funds.
- **Snow Management Facilities – Capital Project 2037**
This capital project has been listed as unfunded in the Preliminary Capital Budget, however, it has been temporarily added to the Plan as a placeholder for funding and would require borrowing as its major funding source. A total of \$67.9 million in estimated costs are included in the project with \$7.7 million identified in 2018 and the remainder spread between the years 2021 - 2023. A further review is required and will be integrated with the review of the other operational facilities linked to the implementation of the Growth Plan.

Gas Tax Allocation Plan

Attachment 3 is a summary of the projects being funded by the Federal Gas Tax up to and including the year 2022.

Since the last time this Plan was confirmed and approved by City Council during the 2016 Business Plan and Budget Review in December 2015, the following changes are being recommended to the Plan:

- **Bus Purchases**
The PTIF funding for bus purchases replaced the requirement for gas tax funding and, therefore, the 2017 allocation of \$5 million was removed from the Plan. Also, the actual pricing for buses from the 2015 allocation was \$290,500 lower than what was included in the Plan for funding. In addition, with the PTIF funding a revised strategy to add funds to the Transit Replacement Reserve for years 2020 - 2022 of \$1.8 million per year has been removed from the Plan.
- **Other**
Due to revised estimates for Fire Hall relocations and land for new fire halls, some minor adjustments to gas tax allocations have been made. With the removal of the three years of \$1.8 million per year to the Transit Replacement Reserve, the total contingency or unallocated gas tax funding over the next six years is about \$8 million. It is recommended that these funds be held and considered for potentially funding other projects, funding asset management plans, reduce borrowing or any combination of these options.

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Options to the Recommendation

City Council could choose to reduce phase-in provisions to the Civic Facilities Funding Plan with the deferral of the Yards Relocation Project. Currently, a \$500,000 base phase-in reduction could be accommodated in 2017 with future years' reductions of \$850,000 per year.

The Administration does not recommend this option as the Funding Plan considers timing related to cash flow, borrowing and contributions from other sources and relies on the phase-ins as part of the overall Plan. In addition, base funding will very likely still be required for a replacement project for the City Yards Relocation and other projects in the future.

The unallocated gas tax funds of about \$8 million over the next five years is being held in contingency and could be used to reduce borrowing, fund other projects, fund asset management plans or any combination of these.

The Administration recommends holding these unallocated gas tax funds in contingency for future needs and allow for some future flexibility by not committing the entire amount.

Projects and/or amounts listed on the attachments that are shaded are considered discretionary and could be deferred, deleted or altered. These projects while included in the Plans have not yet started or been committed and, therefore, can be changed.

Financial Implications

The financial implications are outlined within the body of this report.

Other Considerations/Implications

There are no policy, environment, privacy or CPTED implications or considerations. Neither public/stakeholder involvement nor a communication plan is required.

Due Date for Follow-up and/or Project Completion

As projects are finalized and updated estimates for future projects are obtained, the Plans and the provisions to the Plans will be reviewed and updated as required and reported to City Council.

Public Notice

Public Notice will be required at the appropriate time for any projects included in this plan that result in borrowing funds.

Attachments

1. Civic Facilities Funding Plan Summary - November 2016
2. Major Transportation Infrastructure Funding Plan Summary - November 2016
3. Federal Gas Tax Allocation Plan Summary - November 2016

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Report Approval

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