

## 2024 – 2035 Major Capital Prioritization Process

### ISSUE

The City of Saskatoon's (City) strategic plan lays out many ambitious goals and targets, and achieving some of them will take several years, going beyond the 2022 – 2025 strategic plan outlook. In that sense, strategic and prioritized capital investments are required to accomplish the plan's goals and outcomes so that the City can maximize the return on its investments over the next decade. To do this, the City requires a more formal capital project prioritization process which considers and integrates multiple factors such as short- and long-term goals, fiscal constraints and opportunities, asset management plans, the evolving economic, environmental, and social dynamics of Saskatoon.

### RECOMMENDATION

That the Administration be directed to develop and bring forward a 2024 – 2035 Capital Project Prioritization Process based on the approach outlined in this report.

### BACKGROUND

At its November 13, 2018 regular meeting of City Council while considering the report entitled TCU Place / SaskTel Centre Market Analysis, City Council resolved:

“That the Administration report back to Council on a process to provide City Council with an opportunity to engage in a prioritization activity and financial overlook of potential capital pressures”

The impact of Covid has played a part in the delay of addressing this resolution as the amount of uncertainty and administrative time spent addressing the pandemic made it difficult to fully address this resolution. While the City has made stride in improving its capital prioritization process through the introduction of Multi-Year Budgeting, a major capital project prioritization process is still a key missing piece in the City's long-term planning. This report begins the process to more clearly identify the City's major capital priorities.

In addition to the outstanding resolution, as reported on November 29, 2021 during the 2022/2023 Budget Deliberations [Funding Plans Update – 2022/2023 Business Plan and Budget](#), the City has several funding plans in place that have been used on key projects such as the Saskatoon Police Service Headquarters, Remail Modern Art Gallery, Chief Mistawasis, North Commuter Parkway and Traffic Bridge Project, Boychuk Drive and several other smaller projects.

The existing funding plans are generally referred to as the Civic Facilities Funding Plan, Recreation Game Plan Funding Plan and Bus Rapid Transit Funding Plan. These funding plans and their requirements are currently planned to be completed over the next several years allowing for an opportunity to begin prioritizing the next sequence of

capital projects and associated funding plans. Current projects within the existing funding plans include:

Table 1

Funding Plan	Project	2022	2023	Beyond 2023
Civic Facilities	General Fire Hall Requirements	-	-	\$ 6,280,000
Game Plan	Softball Diamond Complex #1	\$ 1,880,000	-	-
Game Plan	Festival Sites & Venues	-	-	\$ 330,000
Game Plan	Boat Launch/River Access	-	\$ 200,000	\$ 200,000
Game Plan	Outdoor & Paddling Pools Accessibility & Amenities	\$ 200,000	\$ 100,000	\$ 100,000
Game Plan	Indoor Pools Accessibility Upgrades	\$ 500,000	\$ 250,000	\$ 250,000
Game Plan	BMX / Skateboard / Bike Skills Park	\$ 750,000	-	-
Bus Rapid Transit	Transit Implementation (Include Infrastructure and \$60 million in Bus Purchases)	\$10,500,000	\$46,250,000	\$196,850,000

Funding for these projects come from a variety of sources including the Community Building Fund (formerly known as the Gas Tax), Saskatoon Land dividends, operating budget phase ins, and federal and provincial funding. It is important to note these plans have the following operating phase in requirements in future budgets:

Table 2:

Funding Plan	2023	2024	2025	2026
Game Plan	-	\$250,000	\$250,000	\$250,000
Bus Rapid Transit	-	\$460,000	\$460,000	\$650,000

## DISCUSSION/ANALYSIS

As outlined in the background section of the report, many of the current funding plan requirements are coming to an end in 2025 and 2026. This provides an opportunity for the City to prioritize and build the next sequence of funding plans for major capital investments. While there are many considerations at play when prioritizing capital projects, financial capacity is a key consideration. While no project decisions are being sought as part of this report, future reports will consider the City’s financial capacity which is currently estimated to be \$191.9 million from 2024 – 2035 not including any new operating budget phase ins or other government funding. Appendix 1 provides an overview of the City’s typical funding sources for these major capital investments. A summary of the projected funding sources is shown in Table 3:

Table 3:

Funding Source	2024 – 2035 Available Capital Funding Estimate
NLDF	\$ 20,000,000
Community Building Fund	\$ 79,000,000
Debt Financed through expiring debt payments	\$ 92,900,000
<b>TOTAL Estimated Funding Available</b>	<b>\$191,900,000</b>

Funding from other levels of government can expand the City’s capacity to complete key projects. For example, the \$191.9 million of City funding might be stretched to \$575.7 million of total projects if a funding program becomes available that splits the costs 1/3 between city, provincial and federal contributions.

As previously outlined the City has several important capital investment projects over the next decade but is subject to fiscal constraints; it simply does not have the fiscal capacity to accomplish them all. As a result, this report seeks approval to develop a more comprehensive capital investment strategy informed by a more formal prioritization process. This process is recommended to go through the following steps:

1. Establishment of principles to help guide future prioritization of major capital projects;
2. Identification and prioritization of major capital projects; and
3. Development and approval of the City’s major capital projects funding plan 2024 - 2035 that would confirm specific project timing, funding sources and debt issuances.

It is important to note that although this is a long-term plan (2024-2035) once these steps are completed, the prioritized capital projects and associated funding plan will not be finalized and rigid for 10 years. In other words, the process builds in some flexibility. For example, the priority projects and funding plan will be continually reviewed, usually each budget cycle, and approved by City Council. Adjustments can be made to respond to changing City priorities, fiscal capacity, economic circumstances, and federal and provincial program funding.

The goal is to finalize this process prior to the 2024 Business Plan and Budget Process so that the next multi-year budget process appropriately includes the funding plan and capital requirements.

## **FINANCIAL IMPLICATIONS**

There are no financial implications

## **NEXT STEPS**

Following approval of the 2024 – 2035 Major Capital Prioritization Process, Administration will bring forward report in Quarter 3 of 2022 outlining the proposed principles to guide the capital prioritization process.

## **APPENDICES**

1. 2024 – 2035 Major Capital Funding Source Overview.

## **REPORT APPROVAL**

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