

2020/2021 Business Plan and Budget Capital Prioritization Process

ISSUE

There is currently \$19.0 million in available funding to advance City Council priority projects in 2020 and 2021. This report outlines the results of the prioritization process undertaken by the Governance and Priorities Committee (Committee) and associated recommendations.

BACKGROUND

At its meeting on August 19, 2019, when considering a report from Interim Chief Financial Officer entitled “2020/2021 Business Plan and Budget Options,” Committee resolved, in part:

- “1. That the Reserve for Capital Expenditures prioritization process as outlined in the report of the Interim Chief Financial Officer dated August 19, 2019, be approved.”

At the same meeting when considering a report entitled “2019 Additional Gas Tax Prioritization,” Committee resolved:

- “That the Administration report back regarding the results of the Gas Tax reallocation pool survey and corresponding options.”

At its regular meeting on August 26, 2019, when considering a report from the General Manager, Utilities and Environment Department, entitled “Preliminary Low Emissions Community Plan Initiatives,” City Council resolved, in part:

- “1. That City Council forward the comprehensive list of items included in the attachment LEC 2020-2021 Actions to the budget prioritization process and request additional information from administration on these projects related to:
 - anticipated emissions reductions;
 - anticipated financial returns on investment; and
 - comments from administration on implementation timelines.”

At the same City Council meeting, Administration provided a verbal update on how these three previously approved individual prioritization processes would be delivered. As these listings share common projects and are all competing for a limited pool of funding, it was determined that the surveys would be consolidated into one.

A prioritization update report was presented to Committee at its September 23, 2019 meeting, which outlined the consolidated listing of initiatives and requested information on financial returns on investments, emissions reductions and timelines.

DISCUSSION/ANALYSIS

Available Funding

Currently, there is a total of approximately \$19.0 million in available funding for 2020 and 2021. This amount is comprised of the following:

- \$14.1 million as a result of the Federal Gas Tax doubling in 2019;
- \$4.4 million in available Reserve for Capital Expenditure (RCE) funding in 2020 and 2021; and
- \$453,000 in funding from the Multi-Material Stewardship Western (MMSW) Program in 2020.

Committee has the option to allocate these funds based on the prioritization results as outlined in the following section of this report, or retain any amount of the funds in reserve in anticipation of future pressures or initiatives that have not yet been identified.

Prioritization Results

As previously reported, Committee has been undertaking a prioritization process over the past several months in order to determine how to utilize the current available funding in the 2020 and 2021 Business Plan and Budget. A voting exercise was administered to Committee where each member had 15 total votes to allocate to initiatives.

In addition to the prioritization process, Administration has taken other factors into consideration, such as regulatory requirements, past commitments and corporate risk in developing the following recommended projects:

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Project	Gas Tax	2020 RCE	2021 RCE	MMSW	% of Committee Votes
Growth Plan Implementation and Corridor Planning/Infill Development (Note 1)	\$1,400,000	\$800,000	\$800,000	-	70% – 80%
Cottony Ash Psyllid/Pest Management Reserve	-	\$340,000	\$340,000	-	60% – 70%
City-Wide Solar Strategy	-	-	-	\$180,000	60% - 70%
Curbside Organics Bin Purchase	\$10,000,000	-	-	-	60% - 70%
Utility Solar Scale Solar Energy Project Implementation Parcel M (Note 2)	\$750,000	-	-	-	50% - 60%
Sidewalk Asset Management	-	\$200,000	\$200,000	-	50% - 60%
Regional Planning (P4G) Requirements	-	-	\$406,000	-	50% - 60%
Arena and Convention Centre Business Case Development (Note 3)	-	\$100,000	-	-	50% - 60%
Property Assessed Clean Energy (PACE) Financing Program	-	-	-	\$80,000	40% - 50%
Waste Reduction – Industrial, Commercial, and Institutional (ICI) and Multi-Unit	\$609,000	-	\$54,000	\$108,000	40% - 50%
High Performance Civic Building Policy – New Building Phase I	-	-	-	\$85,000	40% - 50%
Parks Asset Management Plan	\$150,000	\$100,000	-	-	40% - 50%
Community Electrical Vehicle (EV) Adoption Strategy and Charging Infrastructure	\$100,000	-	-	-	30% – 40%
Triple Bottom Line Implementation Support	-	\$260,000	-	-	30% - 40%
Zoning Bylaw Update	-	\$400,000	\$400,000	-	10% - 20%
Research Grant Program	\$100,000				
Total Allocated	\$13,109,000	\$2,200,000	\$2,200,000	\$453,000	-
Total Available	\$14,100,000	\$2,200,000	\$2,200,000	\$453,000	-
Remaining Amount Unallocated	\$991,000	-	-	-	-

In addition to the recommended initiatives above, the Administration is recommending that \$991,000 of reallocated Gas Tax remain unallocated in order to be utilized for future contingency or other emerging issues and initiatives over the next several years.

It is important to note that all initiatives that received over 40% of Committee’s support are included in the recommended list. In addition, the Administration is recommending that the following four initiatives be funded, even though they received less than 40% of Committee’s votes.

1. Triple Bottom Line Implementation Support - \$260,000: This initiative involves internal staffing, training and change management support required in order to implement the Triple Bottom Line policy and strategy. Without this resource allocation, the Administration would not be able to effectively implement a triple bottom line approach.

2. Zoning Bylaw Update Completion - \$400,000 in each of 2020 and 2021: The Zoning Bylaw last underwent a comprehensive review between 2007 and 2009. Industry trends and changes in the meantime have left gaps where the zoning does not address the desired uses effectively. Addressing these issues will assist in streamlining development applications by ensuring that regulations are appropriate and in place for the desired types of facilities in the community.

If this project is not approved, the City of Saskatoon (City) will not meet industry expectations and will not be able to address continued community feedback related to items such as infill and commercial development.

3. The Administration has been working with community partners regarding a pilot project for Community Electric Vehicles Adoption that would include:
 - a. One to three Level 2 charging stations downtown with free on-street parking. This would be accomplished in partnership with businesses to encourage investment in downtown charging stations through incentives such as grants, joint marketing and parking; and
 - b. An education exhibit that focuses on the advantages and breaks down barriers (such as cold climates) for electric vehicles in Saskatchewan.

This project would help advance these partnerships and if approved, the Administration will report back regarding the full partnership proposal. If this project is not approved, the City would not be able to advance community partnerships that require funding regarding electric vehicles in Saskatoon.

4. The Research Grant Program was originally identified as a \$300,000 initiative as part of the prioritization process; however, this estimate has been revised to \$100,000. In 2018, the City entered into a Memorandum of Understanding with the University of Saskatchewan to collaboratively address issues related to Urban Planning, Land Development, Reconciliation and other key areas. \$50,000 would be required per year in 2020 and 2021 to support research projects that provide tangible benefits to Saskatoon. Without this funding, the City would not be able to resource the requirements under the memorandum of understanding with the University of Saskatchewan.

Committee has the option to recommend any additional initiatives to be funded either by removing current initiatives from the list or utilizing the recommended contingency. The following initiatives that received the next highest rankings with 30% to 40% of Committee's votes as part of the prioritization process were:

- Corporate Adaptation Strategy Implementation (\$400,000);
- Civic Conservatory Replacement (\$12.0 million);

- Transportation System Strategic Plan Implementation (\$500,000);
- Roadside Safety Improvements (\$7.5 million); and
- Decorative Lighting Replacement (\$200,000).

All other initiatives received less than 30% of Committee's votes.

Note 1 – Growth Plan Implementation and Corridor Planning/Infill Development

The original prioritization process identified the Corridor Planning/Infill Development project as requiring \$2.25 million and the Growth Plan Implementation as requiring \$1.60 million. After further review by the Administration, it has been identified that these projects are very much integrated together and strongly support one another. Therefore, the Administration has combined these initiatives and recommends that a total of \$3.0 million be allocated towards this combined initiative.

This allocation will allow the Growth Plan to continue to progress towards the following key deliverables:

- Finalizing the Official Community Plan;
- Updating the Transportation Master Plan;
- Developing a finance model to support infill development; and
- Corridor Segment Plans.

In terms of the Corridor Planning/Infill Development project specifically, it is structured in multiple phases, with each phase corresponding to an individual Corridor Plan for each section of the overall study area. The budget ask for this work reflects the Administration's estimate for completing all of the anticipated Corridor Plans, as well as Corridor Land Development financing and incentives to develop and implement a funding model for corridor infrastructure and incentives. The Administration will bring a report forward early in the new year with options and a recommendation for prioritization of these corridor plans. With the recommended funding, the Administration expects to be able to address the highest priority Corridor Plans and Land Development financing and incentives components over the next several years.

Note 2 – Utility Solar Scale Solar Energy Project Implementation on Parcel M

This project was identified as a high priority by Committee, however, the final projected cost of this project and potential partnership opportunities and/or funding by Saskatoon Light & Power has yet to be determined. Saskatoon Light & Power is proposing a \$60,000 feasibility study as part of the 2020 Business Plan and Budget to further investigate and refine these aspects. It is likely that the City's contribution to the project will be significantly less than the \$3.5 million originally identified in the prioritization process. Once the feasibility study is completed, it will be determined if SL&P will be able to fund the portion of the project that provides economic returns, whereby the City would need to fill any potential gap above and beyond.

Therefore, the Administration is recommending that \$750,000 in reallocated Gas Tax funds be held until the feasibility study is completed. Once the feasibility study is complete, Committee can make a decision to allocate the required funds at that time based on more complete information.

Note 3 – Arena and Convention Centre Business Case

A \$300,000 Arena and Convention Centre Business Case was originally proposed as part of the original prioritization process. However, through further discussions with TCU Place and SaskTel Centre, it has been agreed that a more appropriate approach to this project would be through a cost sharing arrangement, whereby the City, TCU Place and SaskTel Centre all pay one third of the projected cost.

Therefore, although this project only received 29% of Committee's support, due to the potential significance of this project on the future of the downtown and the updated cost sharing arrangement, the Administration is recommending that \$100,000 be funded by RCE in 2020.

IMPLICATIONS

The financial implications are included in the body of the report. There are no legal, social, or environmental implication identified.

NEXT STEPS

This report and associated recommendations will be forwarded to the 2020/2021 Business Plan and Budget Review where City Council will provide final approval regarding which projects to fund in 2020 and 2021.

Report Approval

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Approved by: Jeff Jorgenson, City Manager

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