

Creation of Capital Project and Approval of Operating Funds Transfer for Relocation of Saskatoon Land Office

ISSUE

Saskatoon Land is relocating its office from an externally leased space in the Essex Plaza building to Civic Square East (CSE) in spring 2024. The planned move to a City of Saskatoon (City) -owned facility will reduce external lease costs. As there are costs associated with retrofitting the CSE space to align with Saskatoon Land's business needs, rather than requesting additional capital funding Administration is proposing to utilize a portion of Saskatoon Land's 2023 operating funds to pay the costs.

RECOMMENDATION

Administration is requesting that Standing Policy Committee on Finance recommend to City Council:

1. That Capital Project P.10102 (Saskatoon Land – CSE Leasehold Improvements) be approved and funded through an operating transfer of \$200,000 from Saskatoon Land operating funds.

BACKGROUND

Saskatoon Land has been leasing office space at 201 3rd Avenue North for over 20 years. The City's Corporate Accommodations strategy includes collapsing external leases, where possible, and transitioning those departments to spaces within City-owned facilities.

DISCUSSION/ANALYSIS

With Saskatoon Land's pending move to the main floor of CSE, there are costs associated with a move such as retrofitting and fitting-up the space to fit Saskatoon Land's needs as a customer facing department, replacing aging furniture and adjustments to security and public access. It is expected the total cost of these leasehold improvements will be \$ \$754,000. It is proposed that this project be funded through an initial 2023 operating contribution of \$200,000 as recommended in this report with the remainder funded as part of the 2024 Saskatoon Land budget.

As Saskatoon Land is forecasting to be in a surplus position in 2023, this report is recommending utilizing a 2023 operating contribution towards the project. Mid-year operating contributions directly to a capital project are uncommon at the City, however, as Saskatoon Land does not have a reserve intended for these types of projects and is projecting an operating surplus, the Administration is recommending this approach to utilize 2023 funding. It should be noted that City policy is silent on operating transfers therefore this report and appropriate resolutions were prepared.

As part of the 2024-2025 Capital Budget request, Saskatoon Land has budgeted a further \$554,000 for a transfer of capital from their operating revenue to cover the fit-up and furniture costs that will be incurred in 2024.

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Saskatoon Land is anticipating completing their move to CSE in spring 2024 when fit up is complete.

FINANCIAL IMPLICATIONS

The \$200,000 requested is being transferred from Saskatoon Land's operations, where there are adequate funds to fulfill the transfer without impacting year end transfers to the stabilization reserves. Saskatoon Land is a self-balancing department within the City and has no impact on the mill rate.

Moving into the CSE building will result in \$120,000 in annual external lease costs being redirected to City revenues.

OTHER IMPLICATIONS

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

REPORT APPROVAL

Written by: Matt Noordhof, Finance and Sales Manager
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Approved by: Clae Hack, Chief Financial Officer

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