

2026 – 2035 Major Capital Funding Plan

ISSUE

This report provides an overview of the 2026 – 2035 Major Capital Funding Plan as well as options for City Council's consideration.

BACKGROUND

At the Governance and Priorities Committee (GPC) meeting on September 19, 2022 the [Principles for the 2024 - 2035 Major Capital Prioritization Process](#) report was presented and committee resolved:

- “1. That the guiding principles identified in the September 19, 2022 report of the Chief Financial Officer be approved;
2. In recognition of projects under the \$2M threshold that would be considered under the typical RCE prioritization process, that Administration includes an option for an additional RCE allocation from the 2024-2035 Major Capital Funding Plan in future steps/reporting’ and
3. That a Triple Bottom Line assessment for each project be incorporated as part of the prioritization process.”

To prioritize the major capital projects as objectively as possible, the guiding principles approved by GPC were utilized with the following weighting:

1. 20% scoring for Maximizing Financial Resources;
2. 40% scoring for Strategic Plan Alignment;
3. 20% scoring for Risk Avoidance; and
4. 20% scoring for Triple Bottom Line Alignment.

At the August 16, 2023 GPC meeting, while considering a report titled [2024-2035 Major Capital Funding Plan](#), the Committee resolved:

- “That the Governance and Priorities Committee approve in principle the 2024 – 2035 Major Capital Funding Plan as presented (Option 1).”

At its August 16, 2023 meeting, City Council approved the 2024-2029 plan, in the context that it was an approval in principle. The report made it clear that during the first year of each two-year budget cycle, a revised Major Capital Funding Plan would be presented which reflects changing priorities or government funding, to ensure that City Council has the ability to evolve the plan to meet the needs of the City of Saskatoon (City).

Administration has utilized the same guiding principles, along with discretion from the Executive Leadership Team, to arrive at the prioritized and scored information to build the draft funding plan for the years 2026-2029. The intent is to get City Council's

approval on which projects will receive funding and the associated timing. Final approval of each individual project included in the plan will still be required either via budget deliberations or a post budget approval, but approval of this plan would give direction to the Administration on which projects to plan for over the next several years.

CURRENT STATUS

2026 – 2035 Major Capital Prioritized Projects

The result of the prioritization process undertaken by the Administration can be found in Appendix 1 and details of the projects can be found in Appendix 2. As included in the appendix, prioritized results have been broken into five distinct categories:

1. Fire Services Priorities;
2. Sustainability Priorities;
3. Recreation & Culture Priorities;
4. Civic Infrastructure Priorities; and
5. Corporate Infrastructure Priorities.

This categorization is an effective way to illustrate the competing priorities across the City. While the prioritization process was effective in developing a prioritization list there were some limitations of the tool in comparing projects that have significant impacts on achieving the City's Strategic Goals versus other categories are simply required to maintain existing service delivery. By placing these projects into five distinct categories it helps minimize the limitations of the tool and gives a clearer picture of the varying City priorities and will allow for flexibility in the development of the eventual funding plan.

The City has utilized funding plans over the years which have been instrumental in achieving some of the City's major projects. While the funding plans provide some flexibility in how projects are realized, there are some founding principles upon which they are based:

1. The funding plans bring together a variety of projects and funding sources. At the end of the funding plan the project costs and funding sources must balance; and
2. One of the key concepts to the City's funding plans is to manage the cash flow requirements over time. While the cash flows for these funding plans do not need to balance annually, it has been an ongoing practice that the annual surpluses and deficits do not become significant. Past funding plans have aimed to limit annual surpluses or deficits to approximately \$10.0 million. Per Item 1 above however, for a funding plan to be completed and closed, the overall costs and funding over the life of the plan must balance.

DISCUSSION/ANALYSIS

The starting point for this 2026-2035 funding plan was to utilize a combination of existing funding available through the Community Building Fund, Expiring Debt Payments, other Government Funding and future contributions from Neighbourhood Land Dividends from Saskatoon Land. In addition, this plan includes new mill-rate

phase-ins of \$350,000, \$330,000 and \$325,000 in 2026, 2027 and 2028, respectively, to balance project costs. An estimate of the overall funding plan including previously approved projects from 2023 through 2025, City funding availability utilizing these sources was estimated to be \$123.2 million.

While \$123.2 million is an estimate of the City's potential contribution, an early goal of the funding plan was to maximize other sources of funding to amplify the impact the City's funding could have. By utilizing the approximately \$123.2 million in City funding, the City will complete over \$177.8 million in projects through leveraging other sources of funding. This plan currently assumes approval of many of the City's outstanding funding applications. In the event an application is unsuccessful the City will need to revisit the funding plan and the potential the project does not proceed.

It is also important to note this plan is based on 2025 financial information, and as inflationary and other impacts to both project costs and funding sources are realized any required adjustments to the plan will be brought forward for City Council's consideration.

To determine which projects would be included in the draft funding plan (Appendix 3) to utilize this funding, the Administration used the following prioritization criteria:

1. Projects which have been submitted for other levels of government funding and are reliant on this plan for the City's share were prioritized first. This includes the City's East Leisure Centre and Archibald Arena Rehabilitation.
2. A new Saskatoon Fire Fleet & Equipment Maintenance Facility was rated as Saskatoon Fire's top priority.
3. The remaining draft allocations were provided based on the 2026 – 2035 project prioritization and include allocations to bus purchases, Civic Operations Long Term Project, Fusion upgrades and enhancements, upgrades to Corporate Accommodations, a new Computer Assisted Mass Appraisal system, 22nd Street West and Confederation Drive improvements, Harry Bailey Aquatic Center, the Green Network project and additional Corporate Fuel & Infrastructure Management.

As shown in Appendix 3, Administration is seeking approval for projects in years 2026 through 2029. Appendix 3 also shows the approved projects in 2023 through 2025. Developing the next four years of the plan is much clearer based on the existing knowledge of federal and provincial programs and the City's applications. As such the Administration is recommending only 2026 – 2029 of the draft plans be approved at this time leaving the final six years of this plan open for now and to be determined over the coming years as new government programs become known and the City is able to determine how they align with the City's Major Capital priorities.

OPTIONS

Option 1 – Preliminary Approval of the Draft Funding Plan

This option would include approving the draft funding plan as presented in Appendix 3. The largest projects included in this plan include the new East Leisure Center, bus purchases and the Archibald Arena. This option would only include preliminary approval for projects from 2026 – 2029 and would be subject to formal City Council approval as part of budget deliberations or through post-budget City Council approval as required.

The details of the funding plan would be updated in the first year of the two-year budget cycle to incorporate any changes in project costs, funding, prioritization as well as filling out the 2030 – 2035 aspects of this plan as more information regarding Government Funding opportunities becomes known. This plan includes new mill-rate phase-ins of \$350,000, \$330,000 and \$325,000 in 2026, 2027 and 2028, respectively, to balance project costs and were included in the [June 11, 2025 Preliminary 2026 and 2027 Financial Forecast](#). As indicated previously this requirement will need to be continually re-evaluated and will be reported back to City Council for direction whenever changes are required. Currently, the projected borrowing timing and amounts are estimates and will also be adjusted as required.

Option 2 – Adjust the Draft Funding Plan as Presented

This option would include adjusting the draft funding plan as presented. As the options under this option are endless, examples of specific adjustments and impact that could be made include:

Option	Impact
Adding a new project to the funding plan	The current draft funding plan fully allocates available funding from 2026 – 2029. Adding a new project would require the removal of a project on the plan or the phase-in of mill-rate funding to increase the capacity of the plan.
Remove a project from the funding plan	Would potentially allow funding to be re-allocated to other projects already on the list or add one from the list of unfunded projects to the plan.
Adjustments to the timing of a project	The current funding plan works on the principle of trying to balance funding overall but also managing annual cash flows. Moving any project up in the plan would require millrate phase-ins to have more cash available earlier in the plan for use.
Adding a general allocation to the Reserve for Capital Expenditures for smaller priority projects	The current draft funding plan fully allocates available funding from 2026 – 2029. Adding an allocation to the Reserve for Capital Expenditures would require the removal of a project on the draft plan or the phase-in of mill-rate funding to increase the capacity of the plan.

RECOMMENDATION

That the Governance and Priorities Committee approve the 2026 – 2035 Major Capital Funding Plan as presented (Option 1), subject to approval by City Council of the project budgets.

RATIONALE

The Administration is recommending Option 1 be considered for approval since it builds on previous direction and work presented to the Governance and Priorities Committee. The funding plan utilizes the approved Major Capital Priorities listing as a guiding framework to allocate funds to priority projects over the next four years with minimal new impacts on the mill-rate. However, City Council has full discretion to adjust the list as it sees fit. The most important outcome is that the Administration has a clear understanding of Council's wishes with respect to major capital projects

ADDITIONAL IMPLICATIONS/CONSIDERATIONS

It is important to note approval of this plan is subject to approval by City Council of the projects budgets and gives the Administration direction to prepare future budget approvals. The details included in this plan are likely to change as project costs are continuously refined and government funding application results are received. As the details change, the Administration will continue to report back and keep City Council informed and seek appropriate decisions regarding any major changes required to the funding plan.

The East Leisure Center project included in the 2026 - 2035 Major Capital Funding Plan will have an annual operating impact of approximately \$3.0 million (2025 dollars) once open as Leisure Centers do not fully cost recover their operating expenses from user fees. To date there has been no phase-in for the operating cost of this facility.

This plan also identifies \$20 million of future allocations from the Neighbourhood Land Development Fund. This approach is consistent with past practice and while \$5.0 million annual allocations are currently identified in 2026, 2027, 2028 and 2029; actual contributions will be made as Saskatoon Land profits become readily available.

APPENDICES

1. 2026 - 2035 Capital Project Priorities
2. 2026-2035 Major Capital Project Details
3. 2026-2035 Major Capital Funding Plan

REPORT APPROVAL

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