

Budget Adjustment Capital Project P.01425 Land Dev't Future City Operations North Yards

ISSUE

City Council approval is required to adjust the funding for Capital Project P.01425, Land Dev't Future City Operations North Yards. This adjustment will adjust partial funding from a sale of surplus City-owned properties to an internal loan largely repaid through lease revenue, subject to a public notice.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that Capital Project P.01425, Land Dev't Future City Operations North Yards, be increased by \$44,000 funded from Borrowing and the existing budgeted funding for Sales of Surplus Properties be changed to Borrowing, all subject to Public Notice.

BACKGROUND

At its regular business meeting on [September 28, 2020](#), City Council approved the purchase of 3815 Wanuskewin Road for the purchase price of \$15 million and the purchase of 3802 Arthur Rose Avenue for \$1.799 million.

At its Public Hearing meeting on [November 30, 2020](#), City Council resolved in part that:

- “ 1. That a \$6,350,000 loan, subject to a 10% variance on borrowing requirements, from the General Account long-term investment portfolio, amortized over a 5-year term, for the purchase of 3815 Wanuskewin Road and 3802 Arthur Rose Avenue (Capital Project 1425) be approved;
2. That any variance greater than 10% of the borrowing amount be reported to City Council”

DISCUSSION/ANALYSIS

The properties of 3815 Wanuskewin Road and 3802 Aruther Rose Avenue were acquired for the purpose of a north district City yards. The original cost of the properties was \$16.8 million and a funding plan was created as shown in Table 1 to fund the acquisition of the properties. The purchase of the Wanuskewin parcel included a leaseback which remains in place and has been a major component in servicing the debt portion of the funding plan.

Table 1

Description	Amount (in millions)
Borrowing	\$ 6.35
Gas Tax Reallocation Funds	\$ 6.70
Proceeds from Sale of Surplus City-Owned Assets	\$ 3.75
TOTAL	\$16.80

The original borrowing of \$6.35 million was fully paid on January 1, 2026. However, the planned sale of surplus City-owned properties, which included the inventory stores building on Portage Avenue and the Assessment Office did not occur as these properties remain occupied and needed for operations with no other City-owned property alternatives available. Based on this, a change to the original budget is required to fully fund the acquisition of this property. In order to fully fund the capital project Administration is recommending additional borrowing of \$3.79 million, which includes an amount to cover ISC fees on land title transfers which were not included in the original budget or funding plan. The source of funding for this internal loan will be the City's cash holdings, that otherwise would have been used for investment purposes.

Administration is requesting to add \$44,000 to the budget to cover ISC fees and also change the funding from a sale of surplus City-Owned Assets to an internal loan in the amount of \$3,794,000. To repay the debt, Administration will continue to use the current lease on the Wanuskewin site with annual lease revenue of \$1.1 million in each of 2026 and 2027 and \$930,000 in 2028. Additionally, an expired lease the City had with Sasktel for a backup data storage site is allocating \$140,000 annually. While it is anticipated the majority of this loan will be repaid by time the City takes possession in 2028, the overall loan will take approximately 7.5 years to repay with the \$140,000 annual lease savings.

FINANCIAL IMPLICATIONS

The Financial Implications are as described in the report.

OTHER IMPLICATIONS

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

NEXT STEPS

If approved, an Intent to borrow report along with a Public Notice will be brought to the April 8, 2026, Standing Policy Committee on Finance meeting.

REPORT APPROVAL

Written by: Jeremy Meinema, Senior Financial Business Partner
Reviewed by: Kari Smith, Director of Finance
Approved by: Clae Hack, Chief Financial Officer