
Neighbourhood Land Development Fund Surplus Allocation

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That \$12.5 million from the previously declared Neighbourhood Land Development Fund be allocated in 2017 to the Capital Projects as outlined in Table 1 of this report;
2. That \$7.5 million from the previously declared Neighbourhood Land Development Fund surpluses be allocated in 2018 to the Capital Projects as outlined in Table 1 of this report, subject to approval of the 2018 Capital Budget; and
3. That the remaining unallocated surpluses previously declared from the Neighbourhood Land Development Fund be allocated as follows:
 - a) \$360,000 to the Reserve for Capital Expenditures Reserve for 2018;
 - b) \$400,000 to the Affordable Housing Reserve for 2019; and
 - c) \$5.034 million to the proposed new Recreation and Parks Funding Plan.

Topic and Purpose

The purpose of this report is to receive City Council approval to allocate previously declared Neighbourhood Land Development Fund (NLDF) surplus funds that were held to cash flow the Prepaid Land Development Reserves and are no longer required.

Report Highlights

1. The NLDF declared surplus funds prior that were held to cash flow prepaid land development reserves.
2. The Civic Facilities Funding Plan requires \$20 million from NLDF Evergreen surplus funds to fund the approved projects within the funding plan.
3. A proposed funding plan for the Recreation and Parks projects as well as the Reserve for Capital Expenditures (RCE) and the Affordable Housing Reserve require the remaining previously declared NLDF funds.

Strategic Goals

This report supports the Strategic Goal of Asset and Financial Sustainability through the long-term strategy of increasing revenue sources and reducing reliance on residential property taxes and the four-year priority of developing funding strategies for expenses related to new capital expenditures.

Background

At its October 21, 2013 meeting, City Council approved a declaration of \$28 million of surpluses from the Evergreen neighbourhood. Additionally, on December 1, 2014, the Standing Policy Committee on Finance approved a declaration of \$10 million of surpluses from the Evergreen neighbourhood. Of the \$38 million declared,

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\$25.794 million remains unallocated to specific capital projects as it was held to cash flow prepaid land development reserves that were planned to be in a net deficit position. However, the need to continue cash flowing for this purpose is no longer required as the 2018 estimate for the net prepaid reserves balance is to be in a positive position.

At its November 28, 2016 meeting, City Council approved the sale of the former Saskatoon Police Service Headquarters (Police Headquarters) at 130 and 140 – 4th Avenue North. The financial implications within the report stated that proceeds from this sale would be applied to the City of Saskatoon's (City) cash holdings to replenish funds used to purchase 202 – 4th Avenue North (Civic Square East) and related parking lots at 209 and 221 – 5th Avenue North.

At its November 30, 2016 meeting, when considering the Funding Plans Update report, City Council resolved that the updated Civic Facilities Funding Plan, Major Transportation Infrastructure Plan, and Gas Tax Allocation Plan be approved. This report showed an expected amount of \$20 million from the NLDF to fund projects within the Civic Facilities Funding Plan.

At its meeting on August 14, 2017, the Standing Policy Committee on Planning, Development and Community Services considered a report from the General Manager, Community Services Department, regarding sustainable funding for the Affordable Housing Reserve. The report recommended that City Council approve that the level of annual funding be \$750,000 for the Affordable Housing Reserve. It was resolved that the Administration report back to the Standing Policy Committee on Planning, Development and Community Services with an expanded report including reporting on the neighbourhood land development fund and its return on investment on this and other programs in Saskatoon.

Report

Neighbourhood Land Development Fund Previous Declarations

Further to the October 21, 2013 resolution of City Council and the December 1, 2014 resolution of the Standing Policy Committee on Finance, previous surpluses that were declared from the Evergreen development were held to cash flow the necessary work for Land Development which had put the Land Development reserves into a deficit. Projections to the end of 2017 and the 2018 preliminary budget forecast the Land Development reserves to be back in a surplus position; therefore, the funds that were held in the reserve for cash flow purposes are no longer required.

Civic Facilities Funding Plan

Further to the November 30, 2016 resolution of City Council, part of the funding expected in 2017 and 2018 for the projects in the previously approved Civic Facilities Funding Plan (Facilities Funding Plan) was from NLDF Evergreen surplus. The projects requiring funding from the Facilities Funding Plan are listed in Table 1. These projects were approved in previous Capital Budgets and the funding was approved under the Facilities Funding Plan identifying NLDF as a source in 2017. These funds had already been declared and were being held for this purpose.

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Table 1

Project Name	Amount
2017 Projects	
P1135 AF-CBCM Program (Children's Discovery Museum)	1,300,000
P1584 Civic Operations Centre	2,400,000
P1943 AF-Emergency Back-up Power System	1,500,000
P1949 AF-Service Saskatoon Staffing Accommodation	1,000,000
P2259 TU-PW Satellite Yards (Growth Plan Operational Analysis)	200,000
P2373 Fire - Replacement of Station No. 3	2,143,155
P2508 Fire - Replacement of Station No. 5	333,333
Purchase of Civic Square East	3,672,015
Total 2017 Projects	\$12,548,503
2018 Projects	
P1584 Civic Operations Centre	3,118,164
P2508 Fire - Replacement of Station No. 5	4,333,333
Total 2018 Projects	\$7,451,497
Total Required for Civic Facilities Funding Plan	\$20,000,000

The 2018 projects listed are for funding that is proposed in the 2018 budget and will be presented at Budget Deliberations from November 27 – 29, 2017. If the projects are approved, the Administration is recommending that funding of \$7.5 million be applied in 2018 for those projects.

Project 1584, Civic Operations Centre, had identified alternate funding as a source of funding which included the Facilities Funding Plan. The \$3.1 million in NLDF is that portion required to fund the Facilities Funding Plan.

Project 2508, Fire – Replacement of Station No. 5, has identified the Facilities Funding Plan as its funding source for which the \$4.333 million from NLDF is contributing towards this project.

The purchase of the Civic Square East building (202 – 4th Avenue North and parking lots at 209 and 221 – 5th Avenue North) and related expenditures were funded through the City's cash holdings. The cost of the Civic Square East building was greater than the funds received through the sale of the former Police Headquarters by \$3.7 million. This amount was added into the Facilities Funding Plan as part of a \$6 million contingency that was approved at the November 30, 2016 City Council meeting.

Reserve for Capital Expenditures

The RCE operating budget contribution has been reduced in the proposed 2018 budget in order to reduce the reliance on the property tax and is proposed that the NLDF will be used to backfill any requirements. Currently, there is \$2.39 million to be allocated to RCE in 2018 with \$2.75 million in proposed projects. This requires \$360,000 from NLDF to fill this gap.

Affordable Housing Reserve

This report could also have been referred to the Standing Policy Committee on Planning, Development and Community Services; however, as this report deals with funding for multiple projects and associated dividends, it is being presented to the Standing Policy Committee on Finance. In addition, as both Standing Policy Committees would forward the report to City Council for a decision, the same results are achieved.

Further to the August 14, 2017 resolution of the Standing Policy Committee on Planning, Development and Community Services, while this funding is in place for 2018 which includes a base mill rate funding of \$250,000, future funding to backfill the remaining \$500,000 would be needed. The recommended plan is to begin phasing in mill rate funding in 2019 with an offsetting phase out of NLDF contributions to avoid the reliance on one-time funding each year from the NLDF. During the phase-in period, the plan would include \$400,000 in 2019 from the NLDF and would decrease by \$100,000 each year until the \$750,000 allocation was fully funded through the mill rate by 2023.

The recommended allocation of \$400,000 from the NLDF to be held for the 2019 contribution provides the ability for the Administration to plan and communicate this strategy and allow for proactive project planning by housing providers on an ongoing basis. Even if the mill rate phase-in plan is not approved in 2018, for the 2019 budget, there will be an additional \$400,000 available in 2019 for advance planning with housing providers and stakeholders.

Recreation and Parks Funding Plan

A new Recreation and Parks Funding Plan is being proposed that will identify various City of Saskatoon funding sources for the requests for recreation and sports facilities that will be constructed through joint partnerships in and around Saskatoon. An amount of \$5.034 million is being proposed for allocation to this funding plan to help fund the various initiatives that have been identified. The specific projects, timing and other sources of funding is not finalized at this time but the Administration will hold the \$5.034 million of the remaining NLDF to begin creating this funding plan. A future report outlining additional funding options for the entire plan will be presented at a later date.

Options to the Recommendation

City Council can choose not to approve the funding of these projects from the NLDF previously declared surplus funds. The Administration does not recommend this option as these approved projects will require the funding and an alternative funding source is not readily available to replace the NLDF Evergreen surplus funds. Using alternative funding such as the NLDF reduces the reliance and need for mill rate increases to fund capital projects or to repay borrowing.

Financial Implications

The financial implications are addressed in the body of this report.

Other Considerations/Implications

There are no policy, environmental, privacy, or CPTED implications or considerations, and neither public and/or stakeholder involvement or a communication plan is required.

Due Date for Follow-up and/or Project Completion

The proposed Recreation and Parks Funding Plan will be created and presented to City Council as part of a future funding plan update.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

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