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# Recovery Park and Saskatoon Regional Waste Management Centre Project Revised Funding Plan

## Recommendation

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council that the Recovery Park and Saskatoon Regional Waste Management Centre Project (Capital Project No. 2050) be adjusted to reflect the funding plan in this report.

## Topic and Purpose

The purpose of this report is to obtain City Council approval to adjust the funding plan to exclude the Investing in Canada Plan – Green Infrastructure Stream and to increase the borrowing required for the Recovery Park and Saskatoon Regional Waste Management Centre Project (Capital Project 2050).

## Report Highlights

1. Potential funding from the Investing in Canada Plan – Green Infrastructure Stream will not be available for the Recovery Park and Saskatoon Regional Waste Management Centre Project and additional borrowing is recommended.

## Strategic Goals

This report supports the long-term strategy of reducing the gap in the funding required to rehabilitate and maintain the City of Saskatoon's (City) infrastructure under the Strategic Goal of Asset and Financial Sustainability.

This report also supports the Strategic Goal of Environmental Leadership through the four-year priority to promote and facilitate city-wide composting and recycling, as well as the long-term strategies to improve the quality and reduce the quantity of storm water run-off going into the river, reduce greenhouse gas emissions, and address soil-quality issues on City-owned properties.

## Background

At its regular business meeting on February 26, 2018, when considering a report from the Acting General Manager, Corporate Performance Department, regarding a comprehensive funding plan to allow for the integration of Recovery Park with the Saskatoon Regional Waste Management Centre, City Council resolved:

- “1. That the comprehensive funding plan for the integration of Recovery Park with the Saskatoon Regional Waste Management Centre as outlined in the report of the Acting General Manager Corporate Performance, dated February 13, 2018, be approved; and
2. That the budget for Capital Project No. 2050 be adjusted to reflect the additional \$16.4M included in the plan.”

This funding plan included \$2.95M of Investing in Canada – Green Infrastructure Stream and \$9.08M of borrowing.

**Report**

Change in Funding Plan for Capital Project No. 2050 to Increase Debt

In the February 26, 2018 report to City Council, the Administration stated it would report back on whether the funding from the Investing in Canada – Green Infrastructure Stream is a viable option or whether additional borrowing will be required. The details of the Investing in Canada Plan – Green Infrastructure Stream are not yet finalized as the Governments of Canada and Saskatchewan are still negotiating the details of an Integrated Bilateral Agreement (IBA). A signed IBA between the Governments of Canada and Saskatchewan is required before any funding intakes can occur under the Investing in Canada Plan. It is anticipated that an IBA will be signed in the next three months. Notwithstanding these negotiations, there is no guarantee that this project would be successful for funding.

Therefore, the Administration is recommending that the City borrow the remaining project funding to ensure the project can continue in a timely manner. Tables 1 and 2 detail the recommendation for the change to the funding plan which removes the Investing in Canada – Green Infrastructure Stream funding of \$2.95M, reduces cash/operating contribution by \$0.76M, and adds additional borrowing of \$3.71M.

TABLE 1

<b>Project Costs</b>	<b>Diversion</b>	<b>Landfill</b>	<b>Total</b>
Recovery Park/Saskatoon Regional Waste Management Centre	\$7.40M	\$13.20M	\$20.60M
Landfill Outbuildings	\$0.00M	\$2.80M	\$2.80M
<b>Total Project Costs</b>	<b>\$7.40M</b>	<b>\$16.00M</b>	<b>\$23.40M</b>

TABLE 2

<b>Funding Source</b>	<b>Diversion</b>	<b>Landfill</b>	<b>Total</b>
Landfill Replacement Reserve	\$1.60M		\$1.60M
Waterworks Capital Project Reserve	\$2.70M		\$2.70M
Reallocation of Government Funding	\$3.10M	\$2.15M	\$5.25M
Borrowing		\$12.79M	\$12.79M
Weigh Scale Reserve		\$0.18M	\$0.18M
Civic Vehicles and Equipment Replacement Reserve		\$0.50M	\$0.50M
Cash/Operating Contribution		\$0.38M	\$0.38M
<b>Total Funding</b>	<b>\$7.40M</b>	<b>\$16.00M</b>	<b>\$23.40M</b>

The annual repayment cost on the \$12.786M of borrowing is estimated at approximately \$1.15M using a 15-year repayment term. The amounts for the repayment will require an annual phased-in increase to the property taxes of \$380,000 in 2019, and \$770,000 in 2020. The additional borrowing requires additional phased-in property tax in 2020 as the original plan had a required phase-in of \$380,000 for each of 2019 and 2020 and \$358,926 in 2021. The original plan would have required the project to be cash-flowed until the property tax phase-ins were complete.

These phased-in amounts will be applied in full towards the project in 2019 and then towards the debt payment in 2020 as shown in the cash/operating contribution line in Table 2.

### **Options to the Recommendation**

City Council could choose not to approve the additional borrowing and to wait for the finalization of the Investing in Canada Plan; however, the Administration does not recommend this as there are several uncertainties that could pose a risk to the project. Specifically, the timeframe for funding intakes are unknown, there is no guarantee of approval for this project, and the project would be delayed while waiting for this funding announcement. If City Council chooses to wait, the Administration would not be able to issue or award a Request for Proposals and continuation of the project would be on hold.

### **Communication Plan**

A communication plan will be developed in conjunction with the project implementation plan.

### **Financial Implications**

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

### **Other Considerations/Implications**

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

### **Due Date for Follow-up and/or Project Completion**

With approval of the funding plan and subsequent Public Hearing on the borrowing, the project is expected to proceed with a Design-Build tender in 2018.

### **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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Approved by: Kerry Tarasoff, CFO/General Manager, Asset and Financial  
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