
Funding Plans Update

Recommendation

That the updated Civic Facilities Funding Plan, Recreation Game Plan Funding Plan, Major Transportation Infrastructure Funding Plan and Federal Gas Tax Allocation Plan be approved.

Topic and Purpose

The purpose of this report is to provide an update and receive City Council approval of the Civic Facilities Funding Plan, Recreation Game Plan Funding Plan, Major Transportation Infrastructure Funding Plan and Federal Gas Tax Allocation Plan, based on updated projects and estimates available.

Report Highlights

1. The Civic Facilities Funding Plan, Recreation Game Plan Funding Plan, Major Transportation Infrastructure Funding Plan and Federal Gas Tax Allocation Plan have been updated to reflect the requirements and budget allocations for 2019.
2. The Funding Plans are constantly evolving, and projects and allocations past 2019 will likely change and be updated for future budgets.

Strategic Goal

The Funding Plans support the priority of developing funding strategies for expenses related to new capital expenditures under the Strategic Goal of Asset and Financial Sustainability.

Background

The purpose of the Funding Plans and the Federal Gas Tax Allocation Plan is to strategically plan for major projects that leverages a variety of sources of funding. These plans provide some flexibility for the Administration and City Council in the way that groups of similar projects can be planned and funded as needed.

Report

Civic Facilities Funding Plan

The purpose of the Civic Facilities Funding Plan is to fund a number of major civic facilities. The following projects are included in the Plan:

- New Police Headquarters
- Trunked Radio System Infrastructure
- Construction of four Fire Halls (land, design, construction)
- Civic Operations Centre – Transit Relocation and Development of Snow Storage Facility (construction and operation)
- Remai Modern Art Gallery of Saskatchewan (additional capital requirements)
- Civic Office Space Renovations/Expansion

Attachment 1 is a summary of the projects and funding sources included within the Civic Facilities Funding Plan (CFFP), as well as the cash flow requirements, up to and including the year 2024.

All of the identified projects completed or in progress have been approved by City Council through the annual capital budgets up to 2018. The following project included in the Preliminary 2019 Capital Budget requires funding from the CFFP:

- \$5.0M – Civic Accommodation (Project 1949)

The Plan includes future funding for the years 2020 to 2024 for the following projects, subject to City Council approval through future capital budgets:

- \$11.28M – held for Future Fire Capital needs such as Fire Halls or Fire Training Centre
- \$9.0M – Civic Accommodation (2020-2023) (Projects 1949, 1584 and 2259)

Also held in the Plan are contingencies totalling \$3.4M for the following purposes:

- \$3.0M – held for the over-expenditure for Remai Modern Art Gallery project
- \$0.13M – general contingency for potential increases in other project costs

Mill rate funding phase-ins are still required to future debt repayment for the CFFP as follows: 2019 \$270,000; 2020 \$719,000; 2021 \$760,000; and 2022 \$750,000.

Recreation Game Plan Funding Plan

Attachment 2 is a summary of the projects and funding sources included within Recreation Game Plan Funding Plan. The purpose of this Funding Plan is to fund prioritized recreation and parks amenities including consideration of partnership project opportunities. The Funding Plan was created in 2018 to put in place the funding for recreation related projects including the University Arena contribution, Gordie Howe Sports Complex Master Plan, and Children's Discovery Museum.

All of the identified projects completed or in progress have been approved by City Council through the annual capital budgets up to 2018. There are three projects included in the Preliminary 2019 Capital Budget that require funding from this Plan subject to City Council approval:

- \$0.12M – Indoor Children's Playground (Project 2606)
- \$0.10M – Pickleball Courts (Project 2102)
- \$0.50M – Forestry Farm & Zoo Master Plan (Project 2048)

The Plan includes future funding for the years 2020 to 2022 for the following projects, subject to City Council approval through future capital budgets:

- \$1.3M – Forestry Farm & Zoo Master Plan (Project 2048)
- \$0.5M – Boat Launch (Project 2352)

- \$1.2M – Festival Sites and Venues (Project 2114)
- \$1.9M – Softball Diamond Complex (Project 1578)
- \$1.0M – Indoor Pools Accessibility Upgrades (Project 2606)
- \$0.4M – Outdoor Pools Accessibility Upgrades and Amenities (Project 2607)

Mill rate funding phase-ins are still required of \$250,000 per year starting in 2019 and ending in 2023 to establish an annual base of \$1.25M.

Major Transportation Infrastructure Funding Plan

The Major Transportation Infrastructure Funding (MTIF) Plan was originally established and approved in principle by City Council in 2015 and sets out the funding plan for the North Commuter Parkway (NCP) and Traffic Bridge, as well as other major transportation infrastructure, including:

- Boychuk Drive/Hwy 16 interchange;
- McOrmond Drive/College Drive interchange;
- an accelerated transit bus replacement program;
- contributions towards the Bus Rapid Transit (BRT) initiative; and
- gravel street upgrades.

While many of the major projects listed above have already been approved in previous capital budgets, there are a number of projects such as future interchanges along Marquis Drive and snow management facilities that are still tentative for the years beyond the 2019 Budget and are currently unfunded. These projects are large and have significant financial impact. Future reports updating the MTIF Plan will be provided as the projects within the plan are further refined, confirmed and ready for City Council approval in future budgets.

Attachment 3 is a summary of the projects and funding sources included within the MTIF Plan as well as the cash flow requirements, up to and including the year 2024.

All of the identified projects completed or in progress have been approved by City Council through the annual capital budgets up to 2018. There are no projects included in the Preliminary 2019 Capital Budget funded by the MTIF Plan.

The MTIF Plan includes future funding in the year 2021 for one project, subject to City Council approval through future capital budgets:

- \$38.5M – 8th Street Rail Overpass (2021) (Project 2433)

Gas Tax Allocation Plan

The City of Saskatoon currently receives an annual amount of about \$13.6M from the Federal Gas Tax Fund, which is expected to increase to nearly \$14M by 2020 as it is tied to changes in population. These funds can be applied to projects or be used to borrow against, providing significant financial flexibility.

The Federal Gas Tax can be allocated to 18 different project categories, however, the main categories that affect municipalities include:

- Public Transit
- Wastewater Infrastructure
- Drinking Water
- Solid Waste Management
- Community Energy Systems
- Local Roads and Bridges
- Capacity Building
- Disaster Mitigation
- Brownfield Development
- Culture, Tourism, Sport, and Recreation

Attachment 4 is a summary of the projects being funded by the Federal Gas Tax, up to and including the year 2024.

All of the identified projects completed or in progress have been approved by City Council through the annual capital budgets up to 2018 and have benefitted from the Gas Tax Fund. These projects may continue to require these funds as noted in Attachment 3 to match the cash flows from the federal government.

There are no projects for which Gas Tax funds are allocated in the Preliminary 2019 Capital Budget. However, the Plan does include future funding for the years 2020 to 2024 for the following project, subject to City Council approval through future capital budgets:

- \$4.1M – Future Fire Capital Requirements, including future Fire Halls and Fire Training Centre

Also held in the Plan is a contingency of \$7.4M for the Chief Mistawasis Bridge and Traffic Bridge Replacement Project.

In addition, there is the potential for an unallocated balance of Gas Tax funds of \$19M by the year 2024, assuming increases in the Gas Tax revenues from the federal government starting in 2020 and based on the planned allocations in this Plan.

Options to the Recommendation

City Council can choose to remove projects from the Funding Plans that have been identified in the attachments. Projects and/or amounts listed in the attachments that are noted by the symbol ▼ could be deferred, deleted or altered. These projects while included in the Funding Plans have not yet started or committed, and therefore, can be changed. However, finding alternate funding for these projects may be necessary should these be required to proceed.

In addition, projects may be added to the Plans that would require reworking the plans. The Funding Plans consider timing related to cash flow, borrowing and contributions from other sources and may rely on the phase-ins as part of the overall Plan.

The unallocated Gas Tax funds of about \$19M over the next five years is being held in contingency and could be used to reduce borrowing, fund other projects, fund asset management plans or any combination of these as one-time funding. The Administration recommends holding these unallocated Gas Tax funds in contingency for future needs to allow for some future flexibility by not committing the entire amount.

Financial Implications

The financial implications are outlined within the body of this report.

Other Considerations/Implications

There are no policy, environmental, privacy or CPTED implications or considerations, and neither public/stakeholder involvement nor a communication plan is required.

Due Date for Follow-up and/or Project Completion

As projects are finalized and updated estimates for future projects are obtained, the Funding Plans and the provisions to them will be reviewed and updated as required and reported to City Council.

Any projects that are affected during the 2019 Budget Deliberations will be reflected in amended Funding Plans and reported back in 2019.

Public Notice

Public Notice will be required at the appropriate time for any projects included in these Funding Plans that result in borrowing funds.

Attachments

1. Civic Facilities Funding Plan Summary – November 2018
2. Recreation Game Plan Funding Plan Summary – November 2018
3. Major Transportation Infrastructure Funding Plan Summary – November 2018
4. Federal Gas Tax Allocation Plan Summary – November 2018

Report Approval

Written and

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Management Department