
Civic Facilities Funding Plan Update

Recommendation

That the Executive Committee recommend to City Council:

1. That the updated Civic Facilities Funding Plan as presented be approved in principle; and
2. That an updated Civic Facilities Funding Plan be referred to the Annual Corporate Business Plan and Budget deliberations for approval.

Topic and Purpose

The purpose of this report is to provide an updated Civic Facilities Funding Plan based on the most recent information and estimates available.

Report Highlights

1. The updated Civic Facilities Funding Plan includes future and current major projects such as the Civic Operations Centre Phase 1 and Phase 2, and completed projects such as the new Police Headquarters and Trunked Radio System.

Strategic Goal

The Civic Facilities Funding Plan supports the four-year priority of developing funding strategies for expenses related to new capital expenditures including core services such as fire halls, roadways and underground services, under the Strategic Goal of Asset and Financial Sustainability.

Background

The purpose of the Civic Facilities Funding Plan is to fund a number of major civic facilities over the next ten years. The following projects are included in the Plan, as previously approved by City Council:

- New Police Headquarters
- Trunked Radio System Infrastructure
- Relocation of two Fire Halls (land, design, construction)
- Civic Operations Centre – Transit Relocation and Development of Snow Storage Facility (construction and operation)
- Civic Operations Centre – City Yards Relocation (construction and operation)
- Remai Modern Art Gallery of Saskatchewan (additional capital requirement – 2015 Capital Budget)
- Civic Office Space Renovations/Expansion

In addition, the intent is to have an ongoing source of funding to create a Major Civic Facilities Reserve with an increasing contribution of \$500,000 per year after 2025

funded by the dedication of tax revenues resulting from annual assessment growth. Consistent with this intent, on December 20, 2010, City Council resolved that a Major Civic Facilities Reserve be established and that the source of funding include any under expenditures resulting from the Civic Facilities Funding Plan, plus the allocation of \$500,000 of revenue resulting from annual assessment growth once all borrowing commitments for the Remai Modern Art Gallery are fulfilled.

The Administration was also requested to update City Council as the funding plan evolves.

Report

Attachment 1 is a summary of the projects and funding sources included within the Civic Facilities Funding Plan including the cash flow requirements, up to and including the year 2025, to be approved through the annual budget process.

Updated Civic Facilities Funding Plan Projects

- **New Police Headquarters**
Construction of the new Police Headquarters facility is complete but the final cost analysis for the project is ongoing. It is currently projected to be under budget by \$1M. This provides capacity within the existing plan to fund the additional costs associated with the Remai Modern Art Gallery of Saskatchewan (Remai Modern Art Gallery) that was approved during the 2015 budget review. Any additional under expenditures from the Police Headquarters project will be held as a contingency within the plan.

- **Civic Operations Centre**
On December 16, 2014, the City entered into a contract or Project Agreement (PA) with Integrated Team Solutions SCOC Partnership (ITS or Project Co) for the Civic Operations Centre (COC). There are three main budget components to this Project:
 - capital cost;
 - operating and maintenance costs; and
 - transaction costs.

The procurement for the project was highly competitive resulting in a favourable value for money submission that was even greater than the amount identified in the business case.

- **City Yards Relocation**
The second phase of the Civic Operations Centre is to have the City Yards relocated from its existing location in the North Downtown district. An estimated \$92M is contained within the Plan. The Plan has funding for this starting in 2019 mostly covered through debt.

- Fire Halls

Two fire stations were initially included within the plan. However, the Saskatoon Fire Department is utilizing fire station deployment analysis to identify the most effective strategy for station location for both new and existing stations. Based on this analysis, relocation for two existing fire stations is a key priority for the Fire Department.

This proposed relocation and new construction will see #3 station move to the south end of Clarence Avenue and #5 station move to Preston Avenue at Field House Road. The relocation of #3 station will eliminate the need for the previous proposed station on Melville Street. The proposed fire station for the Elk Point neighbourhood continues to be worked on and is subject to the land development servicing. The funding plan currently includes funding of the land for this third fire hall. The funding plan for this fire hall will be further reported on in the near future and will consider options such as using Building Canada Funds, Gas Tax Funds and other sources of funding.

On August 21, 2014, City Council approved a list of Water and Wastewater Utility projects to be submitted for funding from the 2014 through 2023 Gas Tax Fund. The intent was to reallocate equivalent funding from the affected utilities to other capital projects. In order to diversify the use of Gas Tax funds, the funding of fire halls is to include funds other than those from property taxes. To provide additional capacity to this funding plan, the Administration is recommending that the two fire halls included in this funding plan reflect a one-third share of funding from reallocated Gas Tax funds.

- Remail Modern Art Gallery

The 2015 Budget included a \$6M provision to complete the Remail Modern Art Gallery. Previous budget amounts were included in the Major Recreational and Cultural Facilities Funding Plan. The funding source for that Plan was \$500,000 in property tax revenue resulting from incremental assessment growth. This funding source has now been transferred to the Civic Facilities Funding Plan.

- Other

The remaining items in the Plan include the Trunked Radio project which was completed and funded from 2011 - 2013. Also included is the Corporate Accommodation Project for optimization of civic office and operational space. In total, \$15M is incorporated into the Plan with the allocations of \$2.5M in years 2018 - 2023.

The Accommodation Project timing and budget is certainly open to changes at the discretion of City Council, although some funding will be needed in this time frame to complete the final fit up of Civic Square East as office space demand within the corporation increases. There will also be a requirement for alterations to the existing City Hall to better align to the Service Saskatoon initiative and provide enhanced building security.

Options to the Recommendation

There is an option to discontinue provisions to this funding plan once capital projects that have begun have been fully funded. This includes the new Police Headquarters, the Remai Modern Art Gallery, and the Civic Operations Centre (Transit Relocation and south west Snow Management Facility).

The Administration does not recommend this option as the projects currently included within the Plan have all been identified in the past as priorities. Should no other projects be added to the Plan, the last incremental funding required will be in 2025.

Reductions or elimination of the mill rate contribution to the Plan would not provide the necessary funds for debt repayment and/or direct contributions to projects.

Financial Implications

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

As this Plan is tightly integrated with the Gas Tax Allocation Plan, changes to the Civic Facilities Funding Plan can have implications to the Gas Tax Allocation Plan as well. The specific projects affected within this Plan by the Gas Tax funding include the fire halls and P3 funding for the Civic Operations Centre.

Other Considerations/Implications

There are no policy, environment, privacy or CPTED implications or considerations. 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 plan provisions will be reviewed and updated as required and brought forward to the Executive Committee.

Public Notice

Public Notice will be required at the appropriate time for any projects included in this plan that result in borrowing funds.

Attachment

1. Civic Facilities Funding Plan Summary June 2015

Report Approval

Written by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management
Department

Approved by: Murray Totland, City Manager

**Civic Facilities Funding Plan Summary
as at June 30, 2015**

Purpose:
To fund a number of major civic facilities over the next ten years resulting in a Major Civic Facilities Reserve with an annual contribution of between \$500,000 and \$2,000,000.

Project	Budget	Year	Sources of Funding
Police Facility	122,100,000	2011-2013	Cash
Police Facility estimated under expenditure	(1,000,000)	2014	Operating Budget contribution
Trunked Radio System Infrastructure	3,169,000	2011-2012	Gas Tax Fund - one third of the cost of fire halls
Rental Modern Art Gallery	6,000,000	2015	Federal Transit Funding
Fire Hall Relocations & Land for 3rd Hall	15,056,000	2016-2019	Property Realized Reserve Funds in Excess of \$24M Cap
City Yards Relocation *	92,000,000	2018-2023	Evergreen Neighbourhood Land Development net proceeds
Civic Office Space Renovations/Expansion	15,000,000	2018-2023	City Issued Debenture (Police Facility; Trunked Radio System; City Yards Relocation)*
Contingency	3,000,000	2015-2016	
*Triming of City Yards Relocation and associated debt is subject to affordability			
P3 Canada Funding (applied to Civic Operations Project directly)			
P3 Payment Stream - Civic Operations Centre (Operating & Capital)			
Annual P3 Transit Facility/Snow Storage Facility Debenture Payment 25 yrs			
Annual contribution from Federal Gas Tax Funds 2017 to 2024 \$12M			
Annual contribution from Federal Gas Tax Funds \$1M per year for 25 yrs			
P3 Transit Facility/Snow Storage Facility Operating, Mntnc and Reserve Payment 25 yrs			
Transit CBCM reallocation			
35,353,000			

Notes to Cash flow

Phase in Capital: This is an annual incremental increase to property taxes to support future debenture/P3 payments
Phase-In Operating: It is assumed there will be increased operating and lifecycle costs related to the City Yards Relocation. \$4,0M has been added as a preliminary estimate.
Incremental Revenue Sharing: Revenue Sharing should continue to increase with population growth and increases to the PST base. Dedicating a portion of the funds to this project acknowledges this project relates to growth.
Revenue from Assessment: Tax revenue resulting from annual assessment growth, previously dedicated to the Major Recreational & Cultural Facilities Funding Plan. Future contributions are dedicated to this plan and the resulting Major Civic Facilities Reserve as per City Council resolution dated January 4, 2011

Civic Facilities Funding Plan Summary June2015.xls
June2015

Prior Years	Committed	Phase In Capital	Phase In Operating	Subtotal	Incremental Rev Sharing	Revenue from Assessment	Total
2009	1,000,000			0			1,000,000
2010	750,000	350,000		0			750,000
2011	750,000	350,000		350,000	150,000		1,100,000
2012	850,000	350,000		350,000	150,000		1,350,000
2013	850,000	350,000		350,000	0		1,350,000
2014	850,000	350,000		350,000	0		1,200,000
2015	850,000	0		0	0	0	850,000
2016		350,000	500,000	850,000	250,000	500,000	1,600,000
2017		350,000	500,000	850,000	250,000	500,000	1,600,000
2018		350,000	500,000	850,000	250,000	500,000	1,600,000
2019		350,000	500,000	850,000	250,000	500,000	1,700,000
2020		350,000	500,000	850,000	250,000	500,000	1,700,000
2021		350,000	500,000	850,000	350,000	500,000	1,700,000
2022		350,000	500,000	850,000	350,000	500,000	1,700,000
2023		350,000	500,000	850,000	350,000	500,000	1,700,000
2024		0	0	0	350,000	500,000	1,700,000
2025		0	0	0	350,000	500,000	850,000

Cash Flow
In addition to the above-noted sources of funding, phased-in operating budget increases are also required. These increases include the previously committed funding for the Police Facility, mill rate increases, and dedicated amounts from Revenue Sharing and revenue from assessment growth.