



CITY COUNCIL

**Monday, November 24, 2014
5:30 PM**

Henry Baker Hall, Main Floor, City Hall

PLEASE NOTE:

Communications, Delegations, Bylaws and Reports originally scheduled for the Monday, November 24, 2014 City Council meeting, with the exception of item CM14-17 – Regina Civic Employees' Superannuation & Benefit Plan, will be tabled for consideration on Thursday, November 27, 2014.



Office of the City Clerk

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**Agenda
City Council
Monday, November 24, 2014**

Open With Prayer

CONFIRMATION OF AGENDA

MINUTES FROM THE MEETING HELD ON NOVEMBER 3, 2014.

**DELEGATIONS, COMMUNICATION, BYLAWS AND RELATED REPORTS
(Table to November 27, 2014)**

DE14-89	Bernadette McIntyre: Wascana Centre Authority Application for Contract Zoning (14-CZ-02) Proposed Commercial and Mixed Use High Rise Buildings, 1350 and 1380 23rd Avenue
DE14-90	Michael Alport – Harvard Development Inc.: Application for Contract Zoning (14-CZ-02) Proposed Commercial and Mixed Use High Rise Buildings, 1350 and 1380 23rd Avenue
CR14-125	Regina Planning Commission: Application for Contract Zoning (14-CZ-02) Proposed Commercial and Mixed Use High Rise Buildings, 1350 and 1380 23rd Avenue
CR14-126	Regina Planning Commission: Application for Contract Zoning (14-CZ-04) Proposed Low-rise Apartment Building, 1914, 1920, 1924 Halifax Street
2014-82	THE REGINA ZONING AMENDMENT BYLAW, 2014 (No. 30)
2014-83	THE REGINA ZONING AMENDMENT BYLAW, 2014 (No. 31)
DE14-91	David Fawley: Application for Discretionary Use (14-DU-17) Proposed Shopping Centre 4450 Rochdale Blvd
CR14-127	Supplemental Report: Application for Discretionary Use (14-DU-17) Proposed Shopping Centre 4450 Rochdale Blvd
CR14-128	Regina Planning Commission: Application for Discretionary Use (14-DU-17) Proposed Shopping Centre 4450 Rochdale Blvd



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DE14-92	Trevor Linford: Amendments to <i>The Regina Noise Abatement Bylaw</i>
CR14-129	Community and Protective Services Committee: Amendments to <i>The Regina Noise Abatement Bylaw</i>
DE14-93	Lisa Koch – Regina Humane Society: Service Delivery Options for Animal Control and Impoundment Services
CR14-130	Executive Committee: Service Delivery Options for Animal Control and Impoundment Services
DE14-94	Jim Elliott: Joint-Use School Site Acquisitions
CR14-131	Executive Committee: Joint-Use School Site Acquisitions
CR14-132	Community and Protective Services Committee: Changes to The Cemeteries Bylaw
CR14-133	Executive Committee: Pension and Long Term Disability Bylaw Amendments to Include EPCOR Water Prairies Inc. as a Participating Employer
2014-50	THE NOISE ABATEMENT AMENDMENT BYLAW, 2014
2014-80	THE CEMETERIES AMENDMENT BYLAW, 2014
2014-84	THE REGINA CIVIC EMPLOYEES' SUPERANNUATION AND BENEFIT PLAN AMENDMENT BYLAW, 2014
2014-85	2014-85 - THE REGINA CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN AMENDMENT BYLAW, 2014
CR14-134	Status Update on the Enforcement of New Residential Homestay Regulations
CR14-135	Fire Services Agreement – Global Transportation Hub Authority
CR14-136	2015 Appointments to the Regina Regional Opportunities Commission (RROC)
CR14-137	Lease of Road Right-of-Way
CR14-138	1555 – 8 th Avenue
CR14-139	City of Regina Landfill Fees – 2015



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CR14-140	Application for Discretionary Use (14-DU-20) Proposed House-Form Commercial Office, 2160 Scarth Street
IR14-16	Annual Status Report on City Debt
CP14-16	2015 Mayor's Housing Commission Nomination

DELEGATIONS AND ADMINISTRATION'S REPORTS

DE14-95	John Hopkins: Regina & District Chamber of Commerce
DE14-96	Kirby Benning: Regina Civic Pension and Benefits Committee
CM14-17	Regina Civic Employees' Superannuation & Benefit Plan

Recommendation

That City Council approve the elements of a joint submission from the employer and employee sponsors to the Superintendent of Pensions as outlined in the Memorandum of Understanding (Appendix "A"), notably:

1. Unless otherwise specifically provided, the sponsors will use the 2013 Letter of Intent (LOI) framework as the basis for the joint submission.
2. The sponsors will work toward the development and implementation of a new, independent governance structure which will include a new Sponsor Board comprised of 7 employee and 7 employer representatives, with a temporary 15th representative appointed as a potential dispute resolution mechanism.
3. The terms of the agreed upon amendments will be implemented effective July 1, 2015.
4. The split of the pre-implementation deficit will be 60% employers and 40% employees with a 20 year amortization as per the terms of the LOI.
5. The expected blended contribution rates after actuarial valuation will be 10.9% employer and 9.8% employee.
6. In the event of future deficit or surplus, a series of sequential steps will be taken as prescribed respecting adjustments to contribution rates and benefits.



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7. Upon receiving confirmation from the Superintendent of Pensions that solvency and deficit relief will be available, the sponsors will recommend ratification to their principals by December 31, 2014.
8. The sponsors agree to request extension of the deadline for filing submissions to December 5, 2014 to facilitate preparation of the joint submission.

ADJOURNMENT

AT REGINA, SASKATCHEWAN, MONDAY, NOVEMBER 3, 2014

AT A MEETING OF CITY COUNCIL

AT 5:30 PM

These are considered a draft rendering of the official minutes. Official minutes can be obtained through the Office of the City Clerk once approved.

Present: Deputy Mayor Jerry Flegel, in the Chair
Councillor Sharron Bryce
Councillor Bryon Burnett
Councillor John Findura
Councillor Bob Hawkins
Councillor Terry Hincks
Councillor Wade Murray
Councillor Mike O'Donnell
Councillor Barbara Young

Regrets: Mayor Michael Fougere
Councillor Shawn Fraser

Also in Attendance: A/City Clerk, Erna Hall
Deputy City Clerk, Shelley Powell
Executive Director of Legal & Risk, Byron Werry
Chief Financial Officer, Ed Archer
Executive Director, City Services, Kim Onrait
Executive Director, Transportation & Utilities, Karen Gasmol
A/Executive Director, City Planning & Development, Diana Hawryluk
A/Director, Roadways & Transportation Services, Les Malawski

(The meeting commenced in the absence of Councillor Murray.)

The meeting opened with a prayer.

CONFIRMATION OF AGENDA

Councillor Sharron Bryce moved, seconded by Councillor Bryon Burnett, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted, and that the delegations listed on the agenda be heard when called forward by the Deputy Mayor.

ADOPTION OF MINUTES

Councillor Bob Hawkins moved, seconded by Councillor Barbara Young, AND IT WAS RESOLVED, that the minutes for the meeting held on October 14, 2014 be adopted, as circulated.

DELEGATIONS, PUBLIC NOTICE BYLAWS AND RELATED REPORTS

DE14-88 Christy Billan: Application for Zoning Bylaw Amendment (14-Z-10)- Rezoning from IP-Prestige Industrial to MAC- Major Arterial Commercial – Harbour Landing- Proposed Parcels A, Y, Z, U in Harbour Landing Phase 3 and phase 4-4D (Current Parcel X, Plan No. 101926436)

Pursuant to due notice the delegation was present.

The Deputy Mayor invited the delegation to come forward and be heard. Christy Billan answered a number of questions.

Pursuant to the provisions of Section 16(11)(c) of City Council's Procedure Bylaw No. 9004, this brief was tabled until after consideration of CR14-118, a report from the Regina Planning Commission respecting the same subject.

(Councillor Murray arrived at the meeting.)

CR14-118 Regina Planning Commission: Application for Zoning Bylaw Amendment (14-Z-10)- Rezoning from IP-Prestige Industrial to MAC- Major Arterial Commercial – Harbour Landing- Proposed Parcels A, Y, Z, U in Harbour Landing Phase 3 and phase 4-4D (Current Parcel X, Plan No. 101926436)

Recommendation

1. That the following amendments to Regina Zoning Bylaw No. 9250 be APPROVED:
 - a. Parcels Y and Z, Plan No. 102163081 (as shown in Appendix A-1) be rezoned from IP-Prestige Industrial Zone to MAC-Major Arterial Commercial Zone;
 - b. That “Parliament Avenue (within the Harbour Landing subdivision)” be added to the list of streets where the MAC Zone may apply as per 7C.7.1(3); and
 - c. That Chapter 5 (Table 5.2) of the Zoning Bylaw be amended by adding “Gas Bar” as a Discretionary Use in the MAC3 Zone where the site directly interfaces a residential property.
2. That Parcel A, Plan No. TBD and Parcel U, Plan No. 102163081 remain zoned IP-Prestige Industrial Zone; and
3. That the City Solicitor be directed to prepare the necessary bylaw to authorize the respective Zoning Bylaw amendment.

Councillor Mike O'Donnell moved, seconded by Councillor Bob Hawkins, AND IT WAS RESOLVED, that the recommendations of the Regina Planning Commission contained in the report be concurred in.

CR14-119 Regina Planning Commission: Application for Zoning Bylaw Amendment
(14-Z-14/ 14-SN-19) 1120 and 1148 Osler Street

Recommendation

1. That the application to rezone Lots 14-21 in Block 124, Plan No. Old 33 and Lot 22 in Block 124, Plan No. 101157757 located at 1120 & 1148 Osler Street from IA -Light Industrial to MAC -Major Arterial Commercial, be APPROVED.
2. That the City Solicitor be directed to prepare the necessary bylaw to authorize the respective Zoning Bylaw amendment.

Councillor Mike O'Donnell moved, seconded by Councillor Wade Murray, AND IT WAS RESOLVED, that the recommendations of the Regina Planning Commission contained in the report be concurred in.

2014-79 THE REGINA ZONING AMENDMENT BYLAW, 2014 (No. 28)

2014-81 THE REGINA ZONING AMENDMENT BYLAW, 2014 (No. 29)

Councillor John Findura moved, seconded by Councillor Bob Hawkins, AND IT WAS RESOLVED, that Bylaws No. 2014-79 and 2014-81 be introduced and read a first time. Bylaws were read a first time.

No letters of objection were received pursuant to the advertising with respect to Bylaws No. 2014-79 and 2014-81.

The Clerk called for anyone present who wished to address City Council respecting Bylaws No. 2014-79 and 2014-81 to indicate their desire.

No one indicated a desire to address Council.

Councillor John Findura moved, seconded by Councillor Terry Hincks, AND IT WAS RESOLVED, that Bylaws No. 2014-79 and 2014-81 be read a second time. Bylaws were read a second time.

Councillor John Findura moved, seconded by Councillor Barbara Young, that City Council hereby consents to Bylaws No. 2014-79 and 2014-81 going to third reading at this meeting. The motion was put and declared CARRIED UNANIMOUSLY.

Councillor John Findura moved, seconded by Councillor Bryon Burnett, AND IT WAS RESOLVED, that Bylaws No. 2014-79 and 2014-81 be read a third time. Bylaws were read a third time.

COMMITTEE REPORTS

Board of Police Commissioners

CR14-120 Regina Police Service 2014 Operating and Capital Budget

Recommendation

That this item be tabled to the Special City Council (Budget) meeting on December 8, 2014.

Councillor Wade Murray moved, seconded by Councillor Terry Hincks, AND IT WAS RESOLVED, that this report be tabled to the special City Council (Budget) meeting on December 8, 2014.

Executive Committee

CR14-121 Regina and Region Water and Wastewater Study Follow-Up

Recommendation

1. That subject to approval of funding in the 2015-2019 Utility Budget, Council direct Administration to endeavour to enter into a Memorandum of Understanding with committed stakeholders to conduct further investigations into the potential for a long-term, regional wastewater system east of Regina.
2. That the City Clerk be authorized to execute any definitive legal agreements after review by the City Solicitor.

Councillor Bryon Burnett moved, seconded by Councillor Sharron Bryce, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

Public Works and Infrastructure Committee

CR14-122 Snow Storage Site User Fee

Recommendation

That the Administration:

- a) investigate and develop an appropriate permit process and fee for commercial contractors for the use of the City of Regina's Snow Storage Site beginning November 1, 2015;
- b) provide a follow up report back to the Public Works and Infrastructure Committee in quarter two of 2015 on the feedback received on the implementation of the fee and permit process; and,
- c) bring forward a report to Public Works and Infrastructure Committee in quarter two of 2015 which contains the necessary amendments to *The Clean Property Bylaw, No. 9881* that include:

- i. a fee structure for commercial contractors using City of Regina's Snow Storage Site; and
- ii. processes for issuing permits to commercial contractors for use of the City of Regina's Snow Storage Site.

Councillor Sharron Bryce moved, seconded by Councillor Barbara Young, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

Regina Planning Commission

CR14-123 Application for Discretionary Use (14-DU-18) Proposed Office Greater Than 150 m2 1355 11th Avenue

Recommendation

That the discretionary use application for a proposed office greater than 150 m2 located at 1355 11th Avenue, being Lots 41, 42, 43 and 44 Block 299, Plan No. Old 33 be APPROVED, and that a Development Permit be issued subject to the following conditions:

- a) The development shall be consistent with the plans attached to this report as Appendix A-3.1 and A-2, prepared by Robinson Residential and dated July 23, 2014; and
- b) The development shall comply with all applicable standards and regulations in *Regina Zoning Bylaw No. 9250*.

Councillor Mike O'Donnell moved, seconded by Councillor Terry Hinks, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

ADJOURNMENT

Councillor Sharron Bryce moved, seconded by Councillor Wade Murray, AND IT WAS RESOLVED, that Council adjourn.

Council adjourned at 5:55 p.m.

Mayor

City Clerk

November 24, 2014

Re: Regina Civic Employees' Superannuation & Benefit Plan

Good evening Your Worship, members of Regina City Council. My name is John Hopkins and I am the Chief Executive Officer of the Regina & District Chamber of Commerce. I am here today to respectfully request that members of Regina City Council support the recommendations contained in the *Regina Civic Employees Superannuation & Benefit Plan*.

I would like to begin my comments by commending both sides for getting us here today. Over the past number of years we have been very concerned about this issue and its impact not only to tax payers through a number of taxing authorities but also to pensioners under the plan, as well as the multitude of staff involved in the plan.

Your Worship, our support is based on a number of factors not least of which is the resolution of the governance issue. While the report addresses a number of poignant points we would argue that resolution of the governance structure is paramount to the overall success of the plan over the long term. In addition we are pleased to see a resolution related to the pre-implementation deficit split, as well as strategies on how to deal with surpluses and deficits. Moreover we are happy to see that the expected average combined contribution rate is 20.7% as compared to 35.2% identified in the report which clearly was not affordable, nor sustainable.

Your Worship I believe it is important for everyone to clearly understand what would happen if this historical agreement is not reached.

1. Taxpayers, both provincially and locally, would need to almost immediately fund well over \$100 million dollars
2. Deferral of much needed infrastructure

3. The plan's pensioners would be hit hard
4. The City of Regina's credit rating would most likely be further impacted, and last but not least
5. The entire issue would be in the hands of the courts for years to say nothing of the chaos and instability it would create for everyone involved.

The proposed agreement if approved provides a resolution that will mitigate the challenges I just spoke of in part by utilizing a 20 year amortization period to deal with the pre-implementation deficit, by setting out what appears to be a clear mechanism to deal with future deficits and surpluses, and to come back to it again, a governance structure that will end deadlocks.

Your Worship, this agreement was long and protracted. It appeared too many of us on the outside as though it would never be resolved however at the end of the day an agreement has been reached.

Once again I would like to commend the parties who worked at resolving this very important issue. I would also like to respectfully request that not only Regina City Council support this agreement but also the Superintendent of Pensions.

Thank you for the opportunity to be here today. I will do my best to answer any questions you may have.

John Hopkins

Chief Executive Officer
Regina & District Chamber of Commerce

November 24, 2014

Your Worship and Council,

I appear before you tonight to urge your support of Administrations recommendations.

The Memorandum of Understanding that you would be endorsing represents the culminations of hard work on both sides to reach a reasonable conclusion to the challenges facing the plan. The Memorandum of Understanding incorporated the previous Letter of Intent and builds on that work to fully address all the concerns raised by the Superintendent.

I would highlight that the result of implementation of this agreement will be:

- Cutting costs by 25%.
- Ensuring that contribution rates don't go too high, and enabling temporary benefit reductions when necessary to achieve that objective.
- Providing for the retirement security inherent in a defined benefit plan while providing the flexibility necessary to contain contributions. and
- Creating a more efficient governance model that includes a timely dispute resolution process.

Given the commitment by both sides to find a resolution that is a negotiated settlement,

Given that this agreement has achieved necessary objectives and resolved the issues laid out by the Superintendent of Pensions, and

Given that this agreement is signed and endorsed by both sides of the bargaining table,

I ask that City Council now support this agreement.

Kirby Benning, Chair

Regina Civic Pension and Benefits Committee

November 24, 2014

To: His Worship the Mayor
and Members of City Council

Re: Regina Civic Employees' Superannuation & Benefit Plan

RECOMMENDATION

That City Council approve the elements of a joint submission from the employer and employee sponsors to the Superintendent of Pensions as outlined in the Memorandum of Understanding (Appendix "A"), notably:

1. Unless otherwise specifically provided, the sponsors will use the 2013 Letter of Intent (LOI) framework as the basis for the joint submission.
2. The sponsors will work toward the development and implementation of a new, independent governance structure which will include a new Sponsor Board comprised of 7 employee and 7 employer representatives, with a temporary 15th representative appointed as a potential dispute resolution mechanism.
3. The terms of the agreed upon amendments will be implemented effective July 1, 2015.
4. The split of the pre-implementation deficit will be 60% employers and 40% employees with a 20 year amortization as per the terms of the LOI.
5. The expected blended contribution rates after actuarial valuation will be 10.9% employer and 9.8% employee.
6. In the event of future deficit or surplus, a series of sequential steps will be taken as prescribed respecting adjustments to contribution rates and benefits.
7. Upon receiving confirmation from the Superintendent of Pensions that solvency and deficit relief will be available, the sponsors will recommend ratification to their principals by December 31, 2014.
8. The sponsors agree to request extension of the deadline for filing submissions to December 5, 2014 to facilitate preparation of the joint submission.

CONCLUSION

This Memorandum of Understanding (MOU) represents a negotiated approach to address the current pension Plan problem.

The MOU is expected to meet the requirements of the Superintendent of Pensions and protect the interests of retirees, employees and taxpayers.

BACKGROUND

Over a number of years, there have been several discussions around taking a more proactive approach to changing the Pension Plan. None of these initiatives has accomplished substantial changes within the current governance process. In 2003, the Pension Plan Board of Directors identified that Plan issues were beginning to develop, as the Plan could not financially sustain the current level of benefits over the long term. At that time a list of recommended benefit changes was identified, however the sponsors of the Plan did not proceed with formal discussions or implement any changes. Again in 2005/06, the financial sustainability challenges of the Plan were identified, and a list of the Board's recommendations for benefit reductions was discussed. Through a formal vote of both the Civic Pension and Benefits Committee and City Council, the only benefit reduction that was implemented was the elimination of the grow-in benefit.

Since early 2009, City Administration, along with the other participants in the joint Pension Plan Review Committee, has continued to pursue agreement on Plan changes, including further education around the Plan issues and reviewing possible solutions as identified by the Plan's actuary and sponsors. The primary goal of the joint Pension Plan Review Committee was to identify options for a competitive, affordable (for employers and employees) pension plan that would be attractive in recruiting and retaining employees, support workforce requirements and provide a meaningful benefit. As part of this process, both the Employers and Employees have prepared and shared with each other their proposals to amend the Plan.

On September 15, 2010, the Pension Board finalized the 2009 Pension Plan Valuation, and this was filed on October 13, 2010 with the Superintendent of Pensions. As part of this filing, the Pension Board elected to take advantage of a temporary (three year) moratorium from funding the solvency deficiency under the Plan, as permitted by Saskatchewan pension legislation. This reduced the total revised average contribution rate from 35.2% to 27.7% of earnings, as compared to the existing rate of 20.7% of earnings. In addition, the valuation was also filed with Canada Revenue Agency (CRA), and a waiver of the employee contribution rate limit has since been received from CRA.

On December 15, 2010, the Civic Pension and Benefits Committee voted in favour of increasing the Plan's average contribution rates to 13.85% per side (before solvency funding); however, not all employee groups voted in favour of this increase (including some City of Regina employee groups). In addition to the resistance from many employees, the higher rates were seen as unaffordable for taxpayers, and did nothing to address the longstanding issues within the Plan. While this valuation was accepted by the Superintendent, based on City Council's decision not to approve the rate increase, the increased contribution rates were not implemented. On January 18, 2012, the sponsors were notified that the Civic Pension Administration Board had decided to approve and file the December 31, 2010 valuation of the Plan and would be pursuing the process to have the resulting new rates implemented.

According to City Council's direction from May 3, 2012, the Administration continued to engage in negotiations for Plan changes with the Civic Pension and Benefits Committee representatives. Those discussions, while still protracted, were eventually more constructive than previous discussions, and resulted in a Letter of Intent ("LOI") being agreed to in mid-2013.

However, that LOI was not sufficient to address all of the Civic Pension Plan problems. The Superintendent of Pensions has advised that there are three main problems which persist even if the LOI is implemented. Each of these problems must be solved, in order to achieve a permanent solvency exemption. In turn, a permanent solvency exemption is essential in order to achieve an affordable pension plan.

These three problems are:

1. Intergenerational Inequity. Younger employees with less service are subsidizing the pensions of older employees with more service.
2. Contribution rates are not secure nor are they sustainable.
3. The Plan governance is unusual and ineffective. The Double Veto on Pension Plan Design Change (Contribution Rates and Benefit Reductions) remained. This means that unless both employers and employees agree on Plan change, the process of Plan change is paralyzed.

On July 17, 2014, the Superintendent of Pensions advised that consideration was being given to termination of the Civic Pension Plan. He invited submissions from interested parties. The City of Regina and the Civic Pension and Benefits Committee have both submitted proposals to amend the Plan. The Superintendent of Pensions has not yet advised if he is prepared to recommend a permanent solvency exemption on the basis of either submission.

After the Superintendent of Pensions advised of the potential plan termination, negotiations with the Civic Pension and Benefits Committee continued on many dates up to and including November 20, 2014. Specific agreement was reached in the following areas:

1. Governance of the Plan would change:
 - (i) the City of Regina would no longer represent employers and the Civic Pension Committee would no longer represent employees.
 - (ii) a Sponsors Group representing both employers and employees would manage the Plan design, within pre-determined contribution rates. In the event of disputes where majority vote is required between employers and employees, a 15th member, would determine the matter.
 - (iii) the current Administrative Board would remain in place, with its duties essentially unchanged.
2. Benefit reductions already tentatively agreed to in the LOI (removal of COLA, Final Average Earnings of five years instead of three, removal of overtime, rule of 80 to 85) would continue.
3. The implementation date will change from January 1, 2015 to July 1, 2015.
4. The cap on contributions has been removed.
5. Initial blended contribution rates have been estimated at 10.9 % for employers and 9.8% for employees.
6. In the event of future deficit or surplus, a series of sequential steps will be taken as prescribed respecting adjustments to contribution rates and benefits.
7. The funding policy has been further amended to provide that any required benefit reductions shall be determined by the Sponsor Board.

8. The continued role of City Council and the Civic Pension and Benefits Committee has been clarified to confirm that both shall continue to appoint their representatives to the Sponsor Board.

DISCUSSION

The Memorandum of Understanding outlines the principles that the employer and employee sponsors agree to recommend for the basis of a joint submission to be presented to the Superintendent and to achieve long-term sustainability of the plan. Subject to the terms of the MOU, the May 22nd, 2013 Letter of Intent (LOI) framework forms the basis for a joint submission to the Superintendent of Pensions.

The MOU has the following terms:

Governance

The parties will work toward the development and implementation of a new, independent governance structure for the plan which, once implemented, will allow the repeal of Bylaw 3125 (by a projected date of July 1, 2015). In the new structure that is contemplated, there will be a new Sponsor Board which, along with a fiduciary Administrative Board, will be responsible for the governance of the plan. The new Sponsor Board will consist of 7 employee and 7 employer representatives, with a temporary 15th representative appointed as a potential dispute resolution mechanism. Permanent representation on that Sponsor Board will reflect the membership in plan. A joint request for reasonable costs (legal, actuarial, etc) associated with this process will be made to the Administrative Board for settlement from the plan fund.

From and after the effective date, the Sponsor board is responsible for any amendments to the plan and funding policy. Unless otherwise provided for, decisions regarding amendments to the plan text and funding policy require at least 2/3 majority. Deadlocks requiring a simple majority are resolved by the fifteenth member. Simple majority votes will also be used for any plan amendments that are clearly contemplated by the Funding Policy and required to put its terms into effect.

PBC will continue to exist with responsibility to appoint employee representatives to the Sponsor Board and Admin Board.

City Council shall have responsibility to appoint employer representatives to the Sponsor Board and Admin Board.

Deficit Funding

The split of the pre-implementation deficit will be 60% employers and 40% employees with a 20 year amortization as per the terms of the LOI.

Contribution Rates

An actuarial valuation will be conducted at implementation with expected blended contribution rates of 10.9% for employer and 9.8% for employees.

Actuarial

All decisions affecting benefits shall be based on an actuarial valuation that could be filed with the Superintendent if necessary.

Subject to regulatory approval, the Sponsor Board shall have input with respect to appropriate margins, actuarial methods, assumptions, and timing of filing of actuarial valuations. It is intended that the Sponsor Board shall not be considered a fiduciary as a result of these discussions or at all.

Funding Policy

A) Deficit Management

After implementation, if there is a deficit requiring an increase to the initial contribution rates it is expected that the first step to address the deficit will be a consideration of adjusting actuarial assumptions, methods or margins to mitigate or control rate increases.

If the pre-implementation deficit exists:

- a. If the adjustment of actuarial assumptions, methods, and margins is not sufficient to maintain current contribution rates, such rates will increase equally until they reach 12.1% employer and 11% employee.
- b. If a future draft filing valuation shows a combined contribution obligation above 23.1% and below or equal to 24.1% of pensionable payroll the rate increase will be met by 67% related to adjusting contribution rates and 33% related to temporary benefit reductions. Temporary benefit reductions shall be reinstated on a prospective basis on the earliest date on which such benefits may be restored without incurring combined contribution levels above 23.1%.
- c. If a future draft filing valuation shows a combined contribution obligation of above 24.1% of pensionable payroll then the rate increase will be met by 50% related to adjusting contribution rates and 50% related to temporary benefit reductions. Temporary benefit reductions shall be reinstated on a prospective basis on the earliest date on which such benefits may be restored without incurring combined contribution levels above 24.1%.

If the pre-implementation deficit does not exist:

- d. If the adjustment of actuarial assumptions, methods, and margins is not sufficient to maintain current contribution rates will increase equally until they reach 10.5%ER and 10.5% EE.
- e. If a future draft filing valuation shows a combined contribution obligation above 21% and below or equal to 22% of pensionable payroll the rate increase will be met by 67% related to adjusting contribution rates and 33% related to temporary benefit reductions. Temporary benefit reductions shall be reinstated on a prospective basis on the earliest date on which such benefits may be restored without incurring combined contribution levels above 21%.
- f. If a future draft filing valuation shows a combined contribution obligation of above 22% of pensionable payroll then the rate increase will be met by 50% related to adjusting contribution rates and 50% related to temporary benefit reductions. Temporary benefit reductions shall be reinstated on a prospective basis on the earliest date on which such benefits may be restored without incurring combined contribution levels above 22%.

B) Surplus Management

The parties agree to refine the surplus utilization methodology to incorporate margins as appropriate. In decision-making regarding surplus utilization, the Sponsor Board may consider retroactive restoration of any benefits that have been reduced.

Process

The employer and employee sponsors agree to recommend inclusion of these principles in a joint submission (notionally, to be prepared by November 28) to the Superintendent of Pensions and request exemption from solvency funding and extension of going concern deficit funding to 20 years. If and on receiving confirmation from the Superintendent that solvency and deficit relief will be available, the parties agree to recommend ratification to their principals on or before December 31, 2014 for implementation effective July 1, 2015.

To facilitate preparation of the joint submission parties agree to request extension of the deadline for filing submissions from November 30 to December 5, 2014, if required.

The parties agree to implement the terms of the agreed upon amendments effective July 1, 2015. It is also agreed that all pension-related grievances will be withdrawn on ratification of the Plan changes.

Benefit Changes Previously Agreed to in the LOI

A) Retiree Benefits and Benefits Earned to Date

There will be **no** benefit changes for retirees or the benefits earned to date by contributing employees. (**accrued benefits**)

The only benefit changes are those that were agreed to in the 2013 Letter of Intent, and they are: the Retirement Eligibility Calculation, Cost of Living Adjustment, Years of Earning Calculation and the Removal of overtime.

B) Eligibility Calculation – Rule of 85

To receive an unreduced, or full pension, a member must be 55 years of age or older, and the member's age plus years of service total 85 or more (the current plan provision is Rule of 80.). An exception will be provided for a member who, within three years of the implementation date of the changes, would be 55 or older, and the member's age plus years of service total 80 or more. Employees do not automatically move from Rule of 80 to Rule of 85, as of the implementation date. Their years of service before the effective date are used in a calculation with the Rule of 80, and their years after the effective date are used in a calculation with the Rule of 85. Most employees will fall somewhere between the Rule of 80 and 85. Employees currently with longer service will fall closer to Rule of 80.

C) Cost of Living Adjustment (COLA)

The current pension benefit is adjusted to reflect a cost of living factor. This benefit will change from a guaranteed benefit to a conditional one. When the Pension Fund is 90% funded and investment returns are above average, a cost of living calculation will be applied; when the Fund is 120% funded the full COLA can be reinstated. Full COLA will be applied to years of service prior to the implementation date, and conditional COLA (if available) will be applied to years of service after implementation date.

D) Years of Earning Calculation

The years of earning calculation will change from the average of the highest three consecutive years of earnings to the average of the highest five consecutive years of service. Average of highest three consecutive years of earnings will be applied to years of service prior to the implementation date, and average of the highest five consecutive years of earnings will be applied to years of service after the implementation date.

E) Removal of Overtime

Overtime pay will no longer be included in pensionable earnings after the date of implementation. This change will not affect pensionable earnings earned in the Plan.

Actuarial Costing

The lower contribution rates now contained in the MOU have resulted from an updated Costing Report from Aon Hewitt, the Actuaries for the Civic Pension Plan.

Significant elements of the Aon costings are as follows:

1. The going concern deficit of the pension plan was reduced from \$292,815,000 at December 31, 2012 to \$249,603,000 at December 31, 2013. Both of the figures assume a 10% margin.
2. An extrapolation of the going concern deficit as at December 31, 2014, with a 10% margin, indicates a reduction to \$224,186,000. All going concern deficit calculations assume that the benefit changes in the LOI are implemented.
3. The contribution rates required to fund the proposal contained in the MOU are 10.9% and 9.8% (both blended) for employers and employees respectively. These rates assume a 10% margin.

These lower rates provide for a cushion to fund new deficits firstly from the original estimated contribution rates of 12.1% for employers and 11.0% for employees.

RECOMMENDATION IMPLICATIONS

Financial Implications

In its most recent credit rating assessment (May 29, 2014), Standard & Poor's noted "significant unfunded pension liabilities" as a factor that offset numerous positive elements of the City's financial condition. The credit rating influences the interest rate charged on the City's debt, and the City of Regina currently enjoys a very strong credit rating. The agreement terms establish a method for funding prior period pension obligations and introduce controls that reduce the risk of unplanned cost increases in future periods. This will positively influence future credit rating assessments. Maintaining a strong credit rating helps minimize financing costs when the City issues debt.

Environmental Implications

None to with respect to this report.

Policy and/or Strategic Implications

The MOU is expected to meet the requirements of the Superintendent of Pensions and protect the interests of retirees, employees and taxpayers.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

A Communication Plan will be implemented to ensure that Plan members and City of Regina residents are advised of the proposal. There will be an ongoing Communication Plan.

DELEGATED AUTHORITY

The recommendation in this report is within the authority of City Council.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Byron Werry'.

Byron Werry, City Solicitor
Office of the City Solicitor

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Glen B. Davies'.

Glen B. Davies, City Manager and
Chief Administrative Officer

APPENDIX “A”

[Memorandum of Understanding dated November 20 and 21, 2014]

Memorandum of Understanding

This Memorandum of Understanding outlines the principles that the employer and employee sponsors agree to recommend for the basis of a joint submission to be presented to the Superintendent and to achieve long-term sustainability of the plan.

- 1) Unless otherwise specifically provided for below, the parties agree to use the May 22nd, 2013 Letter of Intent (LOI) framework as a basis for a joint submission to the Superintendent.
- 2) The parties will work toward the development and implementation of a new, independent governance structure for the plan which, once implemented, will allow the repeal of Bylaw 3125 (by a projected date of July 1, 2015). In the new structure that is contemplated, there will be a new Sponsor Board which, along with a fiduciary Administrative Board, will be responsible for the governance of the plan. The new Sponsor Board will consist of 7 employee and 7 employer representatives, with a temporary 15th representative appointed as a potential dispute resolution mechanism. Permanent representation on that Sponsor Board will reflect the membership in plan. A joint request for reasonable costs (legal, actuarial, etc) associated with this process will be made to the Administrative Board for settlement from the plan fund.
- 3) The parties agree to implement the terms of the agreed upon amendments effective July 1, 2015.
- 4) All decisions affecting benefits shall be based on a file-able actuarial valuation.
- 5) From and after the effective date, the Sponsor board is responsible for any amendments to the plan and funding policy. Unless otherwise provided for, decisions regarding amendments to the plan text and funding policy require at least 2/3 majority. Deadlocks requiring a simple majority are resolved by the fifteenth member. Simple majority votes will also be used for any plan amendments that are clearly contemplated by the Funding Policy and required to put its terms into effect.
- 6) PBC will continue to exist with responsibility to appoint employee representatives to the Sponsor Board and Admin Board.
- 7) City Council shall have responsibility to appoint employer representatives to the Sponsor Board and Admin Board.
- 8) Subject to regulatory approval, the Sponsor Board shall have input with respect to appropriate margins, actuarial methods, assumptions, and timing of filing of actuarial valuations. It is intended that the Sponsor Board shall not be considered a fiduciary as a result of these discussions or at all.
- 9) The split of the pre-implementation deficit will be 60% employers and 40% employees with a 20 year amortization as per the terms of the LOI.
- 10) As required an actuarial valuation will be conducted at implementation with expected blended contribution rates of 10.9% employer and 9.8% employee.

Memorandum of Understanding

- 11) After implementation, if there is a deficit requiring an increase to the initial contribution rates it is expected that the first step to address the deficit will be a consideration of adjusting actuarial assumptions, methods or margins to mitigate or control rate increases.
- 12) If the pre-implementation deficit exists:
 - a. If the adjustment of actuarial assumptions, methods, and margins is not sufficient to maintain current contribution rates, such rates will increase equally until they reach 12.1% employer and 11% employee.
 - b. If a future draft filing valuation shows a combined contribution obligation above 23.1% and below or equal to 24.1% of pensionable payroll the rate increase will be met by 67% related to adjusting contribution rates and 33% related to temporary benefit reductions. Temporary benefit reductions shall be reinstated on a prospective basis on the earliest date on which such benefits may be restored without incurring combined contribution levels above 23.1%.
 - c. If a future draft filing valuation shows a combined contribution obligation of above 24.1% of pensionable payroll then the rate increase will be met by 50% related to adjusting contribution rates and 50% related to temporary benefit reductions. Temporary benefit reductions shall be reinstated on a prospective basis on the earliest date on which such benefits may be restored without incurring combined contribution levels above 24.1%.
- 13) If the pre-implementation deficit does not exist:
 - a. If the adjustment of actuarial assumptions, methods, and margins is not sufficient to maintain current contribution rates will increase equally until they reach 10.5%ER and 10.5% EE.
 - b. If a future draft filing valuation shows a combined contribution obligation above 21% and below or equal to 22% of pensionable payroll the rate increase will be met by 67% related to adjusting contribution rates and 33% related to temporary benefit reductions. Temporary benefit reductions shall be reinstated on a prospective basis on the earliest date on which such benefits may be restored without incurring combined contribution levels above 21%.
 - c. If a future draft filing valuation shows a combined contribution obligation of above 22% of pensionable payroll then the rate increase will be met by 50% related to adjusting contribution rates and 50% related to temporary benefit reductions. Temporary benefit reductions shall be reinstated on a prospective basis on the earliest date on which such benefits may be restored without incurring combined contribution levels above 22%.
- 14) Surplus Utilization – parties agree to refine the surplus utilization methodology to incorporate margins as appropriate. In decision-making regarding surplus utilization, the Sponsor Board may consider retroactive restoration of any benefits that have been reduced.


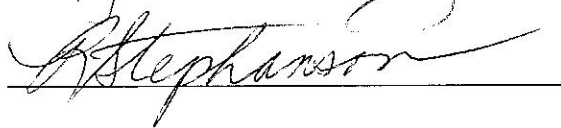

Memorandum of Understanding

- 15) The employer and employee sponsors agree to recommend inclusion of these principles in a joint submission (prepared by November 28) to the Superintendent of Pensions and request exemption from solvency funding and extension of going concern deficit funding to 20 years. If and on receiving confirmation from the Superintendent that solvency and deficit relief will be available, the parties agree to recommend ratification to their principals on or before December 31, 2014 for implementation effective July 1, 2015.
- 16) To facilitate preparation of the joint submission parties agree to request extension of the deadline for filing submissions from November 30 to December 5.
- 17) Upon ratification all grievances shall be withdrawn.
- 18) This Memorandum may be signed in counterparts and by facsimile.

Dated at City of Regina, Saskatchewan this 20th day of November, 2014

Employer Sponsors of the Civic Plan Review Committee

Signed as of November 20, 2014

Employee Sponsors of the Civic Plan Review Committee

Signed as of November 21, 2014

